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THE UNEMPLOYMENT PROBLEM

Cause and Cure

By

"Analyticus"

S. L. Gokonle

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"Analyticus"

Gokhale, Shankar, Lapman

Published by

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PREFACE

(By Author.)

"This book is more than necessary; it is urgent. I publish it."

VICTOR HUGO.

PREFACE

(By the Sociology Club.)

These lectures were delivered to the Sociology Club. The Club spent over twenty sessions in studying them, and has now undertaken to publish them with the permission of the author.

W. S. VAN VALKENBURGH,
Secretary Sociology Club,
Schenectady, N. Y.

July 24, 1916.

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DEDICATION

I dedicate this book to the American Slave Citizen, who no longer fancies himself free, but who has become conscious of his slavery and aspires to be free.

ANALYTICUS.

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For corrections of important errors
See Errata on the last page of
this book.

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THE UNEMPLOYMENT PROBLEM

CAUSE AND CURE

LECTURE 1.

Theory of Unemployment.

"Come now, and let us reason together."—Isaiah: 1-18.

1. The unemployment problem is one of the most important problems that confronts the statesman, the reformer and the economist to-day. It is at the root of tariff question; it is at the root of Socialism, anarchism, and industrial syndicalism; it is at the root of low-wage and high cost of living; it is at the root of labor unions, strikes, trusts, labor laws, and anti-trust laws; it is at the root of troubles in Morocco, Transvaal, India, and China. In short, it pervades the whole of modern politics, and social science.

2. The treatment of the unemployment problem in the past has been far from [1]satisfactory. The subject has to be studied in its two aspects, the theoretical and the practical; it

1. As an illustration of the careless way of dealing with this important problem, I quote the following from "Unemployment and Wage-Earner," by John Mitchell:

I. "For a century this government possessed in its unappropriated natural resources, an ever-reliable absorber of labor seeking employment. These resources no longer perform that function directly, except in a limited degree. **We have arrived at that state, in which social actions in some form must to an extent take the place of individual effort.** . . . .

II. "Well, what con be done for our unemployed? Alas, it is in the end one of the deepest questions confronting our government. Immediately in the United States, effective and to a point continuous relief to our over-stocked labor market, is to be found **in persisting in American principles, under which the wage earner is an independent citizen, rather than** in trying to follow the European examples, by which the wage-earners are regarded **the wards of society.**"

Can any American undertake to harmonize the above two passages?

has also to be studied from two points of view, the ethical and the economical. The treatment of the problem in the past has been limited to its practical economic aspect, and it is no wonder that the results have been so unsatisfactory. Our first step ought to be, to frame and establish a correct theory of unemployment; the remedy if any will then naturally suggest itself. If it does not, the chances are that there is no possible remedy, and that things will have to be allowed to go on as heretofore. There was a time when people were trying to get perpetual motion, but theory of mechanics has uttered its verdict on this point, and no sensible person dreams of perpetual motion now. Theory has led the way to our modern system of wireless telegraphy; before the theory of electric waves was developed, attempts were being made to get wireless communication in other ways, but in the absence of theory those efforts were naturally misdirected and could not lead to success. If unemployment be a necessary evil, [2]incapable of being remedied, as some writers believe, it is best for us to know it; it would save us from many a wild-goose chase in search of an impossible scheme of reform. On the contrary if reform be possible, theory will show in what direction to look for it. **Therefore before taking any important practical step, it is our duty to do a little hard and systematic [3]analytical thinking and to formulate if possible a scientific theory of unemployment.**

2 No one theory as to the cause of trade fluctuations can yet be taken as proved. . . . . whatever, however, the explanation to be finally adopted, there seems now some reason in theory for regarding the fluctuation as inevitable, or at least preventable only at the cost of greater harm. . . . . whatever the cause or causes, they must be deep seated.—Beveridge, "Unemployment, a Problem of Industry," second edition 1910, page 64.

3. "We need to do a great deal more hard thinking in almost every department of our Socialistic program. . . . . Take for instance the pressing question of the unemployed. . . . . It is easy enough to demand that something should be done and I entirely agree with agitating the subject, but something more than agitation is required. It is of no use urging remedies which can be demonstrably proved to be worse for the patient than the disease itself. I fear that if we were to be given full power to-morrow to deal with the unemployed all over England, we should find ourselves hard put to it to solve the problem."—Sydney Webb, "The Basis and Policy of Socialism," page 52.

3. The most commonly accepted theory is, that there is not work enough in the world to go round for all. There seems to be a notion, prevalent among the economists, and also among the people generally, that the amount of work available for the people of any country is a sort of fixed and limited quantity, depending in some way, not clearly understood, upon the natural resources of the [4]country. This work is not enough to go round for all, and therefore a frantic effort to get a proper share is everybody's duty, and an effort to get more than one's share is not only desirable, and justifiable, but even praiseworthy. According to this theory the unemployed are those who cannot hold their own in the struggle for work. In the course of this struggle, a considerable part of work must necessarily be lost, but this loss is regarded as inevitable. Now, if this theory be true, if there be a real scarcity of work, and if it be necessary for every person to have a fair share of it, would it not be highly desirable to cease fighting, and by common consent to frame and enforce a code of rules for the fair and equitable distribution of work to [5]all? Would any people allow a similar policy of competitive struggle in a siege, where water was scarce, so as to let half the water be wasted by fighting over it, in order that one man may get a hundred gallons, and a hundred men might get none? If, on the other hand, the theory be untrue, and if the amount of work be unlimited, there should be no need of any struggle at all, so that in either case there is no justification for the struggle, fight and competition. But competition for work, and consequent unemployment, is a fact and has to be explained.

4. The anti-capitalists attribute competition for work

4. "One must recognize that there is a limit to any country's capacity to furnish work and that the limit has been reached in this land."—Prof. J. J. Stevenson.

5. The idea of equitable distribution of work through legislative intervention is supported by the labor unions and the Socialists.

"A SHORTER WORKDAY," suggested by organized labor for many years as one method of easing the pressure of unemployment by **distributing** it, has been adopted to some extent by employers during this year. . . . . It would necessitate the employment of a larger number of men to do the work. . . . . thus decreasing the number of men out of work."—"Menace of Employment," Winfield Gaylord.

and unemployment, to the greed of the capitalist, to his having monopolized implements of work, leaving only a few approaches to work open to the whole working force, thereby compelling them to fight and struggle for a chance. But is the capitalist really more greedy than the wage-worker, whom he is supposed to drive into competition with other workers? How could you explain the millions he gives away freely for various charitable purposes if greed be his dominant motive? Why should Rockefeller have given 25 millions to the Chicago University, when the Chicago University gave him not one cent in return? That 25 millions is only a fortieth part of his enormous wealth is no answer to my question. Even to a multi-millionaire 25 millions is not a small sum to give away. There are instances where even this explanation fails. In anti-capitalist literature Carnegie is pictured as the personification of greed and avarice, and yet it is fairly well known that he has already given away more than half his fortune in the service of education. Leland Stanford dedicated his entire fortune for the same purpose. Here the greed theory completely breaks down, for, in these two instances, which are by no means rare exceptions, there runs the strange anomaly of those against whom a weapon is being forged, contributing deliberately to its manufacture. The watchword of the revolutionist is education; the revolutionist should be the last of the race to impugn the motives of the philanthropic capitalist who aids him in his cause. I do not imply that these endowments were made without a motive. No human act is ever without motive. My contention is that greed is not the motive and in some cases not even a motive of the capitalist. "Save, save; accumulate, accumulate, saving for saving's sake, accumulate for accumulation's sake. This is Moses and the Prophets"—may be very fine rhetoric, but it is very poor logic. Hypocrisy is often suggested as an explanation of such gifts. Hypocrisy may be defined as preaching virtue without practicing it. When hypocrisy starts practicing virtue it ceases to be hypocrisy. The following is an extract from the Boston American, which is not generally and never consistently a friend of capitalists:

> "In the United States victims die every year and month of phossy jaw, because the cheapest way of making matches is the way that causes the disease.

> But a way of making matches entirely free from danger exists. This method—patented—was controlled by the Match Trust. That trust has freely cancelled its patent so that anybody might manufacture matches without murdering men in the process, a very creditable act. But still the manufacture of poisonous matches and manufacture of dreadful disease goes on—**FOR PROFIT.**"

In the original article the words "for Profit" were emphasized to the fullest extent of the form, size and character of type available. The editor believes that greed of profit is the guiding star of the capitalist. Can he explain how the match trust has chanced to rise above this passion and has undergone this great sacrifice **in the interest of its rivals?** Assuming that the capitalist is greedy, the next question is what makes him so greedy? Assuming once more that he is greedy, why does he block the way of the workman so effectively as to keep some of the workers unemployed and unproductive, thereby preventing in part the production of wealth when the production of wealth without limit, is the only possible way to fulfill the dictates of his greed? A complete and correct theory of work and unemployment ought to be able to answer all these questions satisfactorily.

5. The upholders of the competitive system seem to rely simultaneously on two contradictory hypothesis. They try to swim and skate at the same time. They pretend to believe that **work is amply sufficient for all, and yet utterly insufficient for all at one and the same time.** From their strenuous efforts to capture work at home and abroad, it is evident that they regard work as something extremely rare, and yet when they are called upon to face the unemployment problem, they turn round and protest, that there is always ample work for all, that there is no need for any real worker to be without work, unless he chooses to be so. They speak of the unemployed as being really the unemployable human drones who are being rightly served for what they deserve. These same people, in controverting Socialism, or other schools of revolutionary reform, turn round once more and argue that there is not work enough for all, that everybody must compete for

work and get what he can, and that if someone has to be without work it is nobody's fault. The state is under no obligation to create work for the unemployed, nor is it possible to provide work for them, unless you set them to dig holes and fill them up. In fact, these men do not seem to have made up their minds as to whether there is enough of work for all or no.

6. But on the whole there seems to be a general feeling that work is not enough for all, and that competition for work is both necessary and justifiable. The struggle, the waste, and misery of those who fail to secure their share of work are regretable evils, but as necessary results of an inexorable law of nature they are none the less inevitable. From their point of view, it is as if the Creator of the world had blundered in his work. If he had only made the earth less fertile, the rivers and seas less navigable, the trees harder to fell, the earth and rocks harder to bore, and the ores harder to smelt, there would have been more work to do and the world would have been happier! Unable to undo what God has done, they proceed to suggest other remedies, such as checking the growth of population by prudential restraints, or by immoral interference with laws of nature, or by restriction of [6]immigration. They seem to

6. I. Severe restriction of immigration should come, and come quickly. But restriction to immigration is not enough; the surplus population is already here! Our cities are over-crowded with utterly unskilled labor. It is estimated that in New York City alone there are 100,000 unemployed clerks. The great problem is already with us."—Prof. J. J. Stevenson.

(A Query to Prof. Stevenson: Are the 100,000 clerks included in the utterly unskilled labor, or does he suggest that the utterly unskilled laborers have displaced the 100,000 clerks and thrown them out of work?)

II. "A more strict regulation of immigration would have been advisable. . . . . We have admitted without hindrance, a very large number who have made life harder for the wage-earner already here, and have swollen the number of the unemployed."—Prof. Devine.

III. John Mitchell also recommends "restriction to immigration" as calculated to give "enormous practical relief."

argue that as the total amount of work is limited, any [7]increase in population will decrease the share of work per head, and conversely a decrease of population would increase the share.

7. To demonstrate the incorrectness of this view, let us assume that on the night of December 31, 1911, all the unemployed in the United States are carried in a steamer and dumped into the Atlantic. We may now expect the new year to begin with a perfect economic balance, a man for every work and a work for every man. The unemployed in the United States are estimated at about [8]two millions, and the cost in human life to secure the balance is too barbarous to contemplate in spite of its being imaginery. But as I fail to see any difference between starving men on land and dumping them at sea, I make the assumption with all due apology. And now to return to the point: How long will the economic balance remain undisturbed? Will it remain so even for one single year or for a month or even for one week? The two millions of people, even after their death, will continue to upset the balance. It is true that being unemployed these men could earn nothing; but they ate something, drank something, wore something, and lived somewhere. Now that they are gone, the baker and the clothier will have less demand for their goods. The rooms occupied by these people will also be vacant now. The wages of the workers might for a time rise on account of there being no

7. This view is held by Socialists generally, though not yet recognized officially in their platform. It can be found in the writings of leading Socialists. The following extract from the New York Call, July 5, 1915, is an illustration:

> "But the aftermath of war will be the same this time as always, and the American workers must not let themselves be deceived too much by this appearance of prosperity. After the war is over, the armies will be disbanded all over Europe. . . . . Those who cannot get work in their own countries will look elsewhere and millions of them will probably come to America, the land of freedom, and peace and opportunity. The result may be the flooding of the American labor market and the doubling of the army of unemployed here."—"Menace of Unemployment," Winfield R. Gaylord.

8. I take this figure from Edward Eads How's telegram to President Taft inviting him on behalf of the **two million unemployed** to attend the convention at Cincinnati. John Mitchell estimates the number at four and one-half millions.

competition among them, but the demand for commodities in several departments will go down, the prices will fall, the trade will suffer, some of the factories and stores will have to be closed, wages will go down once more, a great number of workers will be thrown out of employment ready for [9]another dumping expedition! **Unemployment has nothing to do with population.** The popular fallacy, that over-population is the cause of unemployment would be a good joke if it were innocent, but the grave consequences of this belief make it a crime against humanity and treason against their own faith in God.

8. **Work is not something substantial, capable of existing by itself independent of man; work is the effort to satisfy** [10]**need. As long as there is man there is need; as long as there**

9. "What is even graver is, that we are year by year creating new unemployables. The class is indeed no mere inheritance from an evil past. Its members are not on the whole long lived. If we were suddenly relieved of the whole of the present incubus without any change in the conditions we should within ten or twelve years have just as many unemployed on our hands as ever."—Report of the Royal Commission on the Poor Laws. Vol. III, by: 1, Rev. Prenderbury Wakefield; 2, Francis Chandler; 3, George Lansbury; 4, Mrs. Sydney Webb.

The honorable commissioners are, unfortunately, quite wrong on one point, viz., their estimate of time. Instead of ten or twelve **"years,"** they ought to have said **"weeks."** The existing unemployed act like the steam in a boiler which prevents the formation of more steam. The unemployed, even if they be paupers, are still consumers and keep approximately an equal number of men at work. So soon as they are taken off our hands, those who worked for them will be thrown out of work and our hands will be full again. The commissioners, like everybody else, are unconscious of the function of the unemployed. They are doing an important service, and until you are prepared to dispense with that service it is no use trying to get rid of them in any way whatever.

10. Here and everywhere throughout this lecture the word **need** is used in its widest sense, including every kind of need—including even the most extravagant luxuries. From the producer's point of view every need is **need,** whether the need is real or fancied, sensible or silly, refined or vulgar, is a matter of no consequence whatever. The only question that concerns him is, **how urgent** is the need? The needs of the unemployed are obviously far more urgent than those of their possible employers. The allegation that the "unemployed have crowded the labor market, bringing in more labor power than there is need for," is not only untrue, but also unfair, for the urgency of their needs gives with absolute certainty, an amount of employment to others who refuse to employ them in return.

is need there is work. Each man, as he comes into the world, brings with him his share of need and work. Each man, as he leaves the world, takes away with him his share of further need and work. There is neither too much work nor too little work in the world; it is always exactly proportional to the number of people. Therefore, unless any person withholds from another person his rightful share of work, there is no reason for any person being out of work, and conversely if a person is out of work, it is evident that something must have kept him out of his due share of work; for example, some other person may have robbed him of his share, the means and method of robbing him of his rights being merely a matter of detail. THIS IS THEORY OF WORK.

9. The theory of unemployment is comparatively more difficult. The roots of this evil extend far back into prehistoric times—into the dawn of earliest civilization. It required for its full development certain conditions which could only come into existence at a certain stage of civilization, and these conditions are therefore wrongly held responsible for the evil. For example, insufficiency of work, partly due to a very large part of our modern work being done by labor-saving machines, and sudden increment of population, are two important secondary causes; they are responsible for the two popular fallacies, viz., that there is not enough of work for all, and that over-population is the cause of unemployment. I have already explosed the fallacy of both these views. A third cause of unemployment usually alleged, is failure of resources.

10. [11]Failure of natural resources is not an impossible cause, but no country in the world has yet reached this state of exhaustion, and for a long time to come there is no fear of such a thing coming to pass. The coal mines of Pennsylvania may fail, and Niagara may cease to flow one day, but these

11. Failure of resources operates as a cause of unemployment only when the failure is complete and extensive. A partial failure, on the contrary, creates more work. For example, if the fertility of the soil is reduced by 10 per cent., 10 per cent. more land will have to be brought under cultivation, or an amount of food grain shall have to be imported and something given to foreign countries in exchange. In either case there will be more work to do Local or temporary failure of resources may cause unemployment for a short time but as soon as the disturbing causes are removed work is resumed with a compensating rush.

things have not happened yet, and their possible failures in the very distant future cannot be responsible for the unemployment of to-day. The same explanation is also offered with reference to the unemployment in the countries of the old world, and yet it is well known, that those countries and the United States also, are making the most strenuous efforts to capture foreign markets, and to defend their own markets against foreign invasion. If failure of resources were the real source of trouble, would it not be an extremely foolish and short-sighted policy to waste the scanty resources of an exhausted country on foreign markets? Could the people of Britain ever dream of adopting a policy calculated to encourage exportation of wheat for any price? Failure of resources! In what respect have they failed in the United States? Have the mines failed to yield oil, and coal, and iron, and silver, and gold? Have the Niagara Falls ceased to supply power, and have copper wires ceased to transmit it? Has the land ceased to grow vegetables or the seas to breed fish? Have the sheep ceased to grow wool, or the hens ceased to lay eggs? And lastly, has human ingenuity failed? Is the American of the twentieth century less inventive and resourceful than his forefathers in the eighteenth and nineteenth centuries? Failure of resources in the United States! It is an insult to the land, and its people. **No, the resources have not failed,** and are not **likely to fail for a long time yet.** No capitalist ever complains of a failure of resources. As far as he is concerned, they are inexhausted and inexhaustible. He is anxiously waiting for a demand for more work to employ his resources. He wants more work for his resources, not more resources for his work. In other words, unemployment is not limited to labor, it extends to the capitalist and his resources.

11. The Socialist Party of the United States holds capitalism to be the cause of unemployment.

> "The Socialist Party of the United States declares that the capitalist system has outgrown its historical function, and has become utterly incapable of meeting the problems now confronting society. We denounce this outgrown system as incompetent and corrupt and the source of unspeakable misery to the whole working class.

"Under this system * * * * Multitudes of unemployed walk the streets of our cities or trudge from state to state awaiting the will of the masters to move the wheels of industry."—National Socialist Platform, 1912.

The Party platform does not state specificially in what way capitalism causes unemployment, but from the utterances of the expounders of Socialism, it seems that in their opinion **capitalistic** [12]**ownership** of implements of production and a system of **production for prifit are responsible for unemployment.** As a typical illustration of their line of argument we often hear something like the [13]following: "Here is a shoe factory, and here outside the factory is a man who could make

12. ". . . . . The worker owns no machinery and can get access to no machinery except on such terms as he may be able to make with its owners. Socialists urge the people to consider the results of this unprecedented situation. First, there is great insecurity of employment. . . . . But worse than the uncertainty of employment is the absolute certainty that millions of men must always be out of work. . . . . If they could but work, their earnings would vastly increase the amount of money in circulation and thus increase the buying power of everybody. But they **cannot work because they do not own the machinery,** without which they cannot work, and the men who own it will not let it be used, **because they cannot see any profits** for themselves in having it used."—Allan L. Benson, "Truth About Socialism," page 16.

13. "A man possessing his own tools or land **may always employ himself,** and though it may at times be necessary for him to sell his products for a very low price, he need not, except in extraordinary times, become dependent on others for relief. The tools of the modern worker are the machines; both it and the land are owned by others. He cannot work on the land or at the machine except by permission of others. If the owner does not find it profitable to employ him, the workman must remain idle."—Robert Hunter: Poverty.

This well-known Socialist throws in the qualifying clause, **"though it may at times be necessary for him to sell his products for a very low price,"** as if this were of no serious significance, and yet none knows better than he, that this is just where the workman feels the most pinch. There was a time, only a few years ago, when the worker had his own tools and competed with the machine. Of course, he had to sell is labor "for a very low price," but he was not dependent upon others, if that be a consolation when a worker is unable to sell his produce, and has to beg for is livelihood even after he has worked! The workman, however, took a different view. He threw away his tools and accepted the heavy yoke of the capitalist in order to escape the still heavier yoke of the customer. See infra, paragraph 13.

a pair of shoes if he were allowed to use the machinery, but he cannot work without the permission of the capitalist who owns the machinery, and the capitalist does not and will not permit except on terms of what might be called voluntary slavery, and not even on those terms if he cannot see his way clear to make profit." This line of argument might explain why the employed workers are in the condition of slaves, but it does not explain why some people should be unemployed even when they are willing to work as slaves, or even on worse terms. That unemployment is due to want of permission is a fact, but that this want of permission has nothing to do with capitalistic monopoly of implements, can be easily demonstrated by a counter illustration. Here is a cabman, his implements of work are his cab and horse. Nobody has monopolized them, he is free to make full use of them to earn his livelihood; yet the cabman is idle and unemployed for half his time; sometimes he cannot get work for a whole day, and he is only wasting his time in waiting for customers. Mr. Walker passes by the way, the cabman offers his cab, but Mr. Walker chooses to walk though he can afford to ride. The cabman cannot work without the permission of Mr. Walker, and is therefore unemployed. The same is true of every trade and every profession.

12. The mistaken notion that the capitalist is the employer is the source of all the misconception of the real nature of the economic problem. It leads the attention of all economic thinkers and writers to be directed against the capitalist, and worse than that, it kindles and keeps up a hatred against the capitalist, and makes any scientific analysis impossible by vitiating the powers of free and unbiased thinking. The strong feeling against the capitalist is greatly responsible for the economic situation growing ever more gloomy and threatening each day. A solution of the problem requires a correct comprehension of the true relation of the capitalist to the industrial and economic framework of society.

13. **In every case employment depends upon the permission of the customer who is the real employer.** That this granting or withholding of permission by the customer is done indirectly through the agency of the capitalist does not alter the fact, that the customer—not the capitalist—is the ultimate

and therefore the true employer. The capitalist is no employer at all, except in so far as he employs anybody for his private service, or purchases anything for his private use. **In his capacity as a capitalist he is in every case merely an agent, acting in behalf of the customer.** He cannot be expected to employ more men under him than he can expect to find work for from his customers. He is the middleman between the customer and the workers—i. e. between the real employer and the employee. He is himself an employee of customers, working generally, not for any fixed salary, but for what profit he can make. Consequently he has to be always on the lookout for customers, and it is easy to see that, like the cabman on the street, he is unemployed for most of his time. His profits are his wages, and considering that his employment is so irregular and uncertain, it is but natural that his wages should be higher than if the employment were guaranteed and steady. The question as to whether the wages of the capitalist are fair and reasonable, considering the irregularity, uncertainty, risk and extra expense often necessary to secure employment, or whether they are unreasonably high and exhorbitant, even after making all due allowance for risks, etc., is irrelevant at this stage. But even admitting that they are higher than they ought to be, that does not explain why so many willing workmen are out of work. Unemployment has nothing to do with capitalistic monopoly of instruments of work. A man is out of work, not because his services are not needed by the capitalist, but because they are not needed by the customer, i. e., by the employed section of society. The capitalist is also responsible for unemployment in so far as he too is an employed member of society, but only to that extent and no more. He bears no further responsibility by reason of his being a capitalist. Capitalism could not have been the cause of unemployment. when we know as a historical fact unemployment did exist before capitalism.

14. **The capitalist does not make unemployment.** On the contrary, in his capacity as a capitalist, he serves to diminish unemployment to a slight extent. I am not referring to the employment given to those who minister to his luxuries; this he does, not in his capacity as a capitalist but merely as a rich man; any rich man, a lawyer, a doctor, a pastor, with a thou-

sand dollars a week as wages, would do just the same thing. I am referring to the extra employment given by the capitalist **in his capacity as a capitalist,** i. e., in the course of his professional duties as a capitalist. I will, however, waive this line of argument for the present, as it involves a deeper study of nature of capitalism than what is possible in this lecture. I will revert to this question when discussing the profit system. Under the system of competitive commercialism, the capitalist somewhat relieves unemployment in one more way. The enormous waste due to competitive commercialism is well-known, it will be found on every page of theoretical Socialism, and whatever else capitalism may have to say against Socialism, no capitalist has ever attempted to deny this charge. The waste is too great to be overlooked, too clear to be denied. This waste, whatever else we may have to say against it, has one redeeming feature—it gives employment to workers. It is at present the only chance of the workman, and whatever might be the state of things under Socialism, any prevention of waste at present would be one of the greatest and all but universal calamity under the existing economic system. Foolish as most of this waste no doubt is, it is at present our only hope and the only reason why there is so much unemployment is that there is not waste enough. Every method of avoiding waste, every new invention of labor-saving machines, every new system of organizing and economizing work, operates most harmfully on the working class. On the contrary, a fire or earthquake destroys a city, a war threatens to destroy a nation, a great work is thus thrust upon a nation, the labor and resources of the country are in demand, capital and labor unite for a time, men are at work, and everybody except the direct victims of the catastrophe are happy for the time. Who can expect a healthy moral sentiment to develop in a society where one man's calamity is the only hope for another man's life! Disguise the fact as you may, you cannot ignore it, that the unemployed is the deadliest enemy of society. His life depends upon his getting employment, but nobody cares to employ him except under pressure of some threatening calamity and yet society is receiving employment from him all the time. With every morsel of bread he eats, and with every rag he wears, he gives employment to somebody, for the food he eats

and the clothes he wears were made for him by somebody who has thereby earned his wages. What more is necessary to embitter human hearts and to create a race of Ishmaels?

15. The unemployed are the deadliest enemies of society. The only reason why they do not seem to be so dangerous as they really are and ought to be, is that they are powerless to inflict the punishment which the ungrateful society so richly deserves. They are the plebeians, crushed and writhing under the iron heels of social tyranny, whom the society, callousedby a false sense of security, ignores with contemptuous disregard. But now and then the worm will turn. A Marius here, a Caesar there, will rise out of these very plebeians and reduce the pride-blind patricians to most abject servitude. Talk of the selfish capitalist! **Who are the capitalists? They are the Caesars of society; they are the unemployed with a vengeance.** The Socialist literature speaks of the capitalists as being the idlers, the drones, the parasites of society. What else could they be? What other chance had society left for them? Thomas Lipton began his career in New York as a parasite. He was willing and able to do real productive work, but he was not wanted. He started shuffling money from the pocket of one hotel-keeper to that of another and got a part of the shuffled money as his share. The lesson he learned he never forgot, but he was not born to remain a parasite. As soon as he was in a position to employ himself, he proved himself a creative genius. He is to-day known as a wealth producer and not a mere parasitic wealth shuffler. What if he had remained for life the parasite he was compelled to be in the earlier part of his career? What was there to prevent it? There was a time when Andrew Carnegie was on the verge of starvation. He wnated only an honest day's work for honest day's wages and could not get it. What did society do for him in his hour of distress? They compelled him to fight for his life. Like the millions of unemployed he fought for his life, but unlike those millions he won the fight. Whether he won by chance or by ability, whether he won by fraud or by force has no bearing on the question. **He was compelled to wage an uneven fight like all the rest of the unemployed: that, and that alone is the point.** The capitalist is often accused of having a greater regard for the almighty dollar than for human-

ity. What right has humanity to expect anything else? In his days of adversity it was the dollar that saved him, not humanity. Humanity, when it had the chance, wanted from him his dollar, but the capitalist of to-day who was then but a needy workman out of work was not wanted. The capitalist does not owe his present success to humanity, and humanity, or rather the inhumanity, to give it a more appropriate name, has no right to take him to task for his devotion for the dollar. In fact, considering the way he was treated by society when they had the chance, I am compelled to acknowledge that the capitalist has been far more clement and forgiving in his hour of triumph than any Marius or Caesar could have been.

16. **The capitalist is a moral victim of unemployment. He does not create unemployment, it is unemployment that has created [14]him, and so long as unemployment remains you cannot unmake him.** He is not responsible for unemployment; on the contrary his luxury and his competitive waste have created a considerable amount of extra employment, and to that extent he has relieved the pressure, By means of the profit system he relieves the pressure still further, but, as I said before I waive that consideration for the present. He cannot relieve the whole of the pressure, for it is not in his power to do it. He is not an independent employer by himself, he can act only as an agent for the customer who is the real employer. He is a sort of private employment bureau, employing workmen for customers' use, but he differs from the bureau in not asking the workman to wait until work comes up. He employs them in anticipation of work, often at a risk to himself by giving more employment, than what the economic need of the market allows. For every capitalist that succeeds, there are twenty that fail, and failure of a capitalist, means, that his business has cost him more than his income, that he has given more employment to his workmen than what he has received from his customers; the wages for the difference he has paid out of his capital until he failed. The capitalist might,

14. "It (capitalism) can spring into life, only when the owner of the means of production and subsistence (embryo-capitalist) meets in the market with the free laborer selling his labor-power (unemployed). And this one historic condition (unemploment) comprises a world's history."—Marx: Capital, Vol. 1, page 189.

with some show of justice, be accused of cutting down wages and of making slaves of the men in his employment,—though even on this point there is much to be said in his defense,—but **he is not responsible for the unemployment of those who are not employed.** The contention that labor saving machinery is one of the causes of unemployment need not be challenged; we are not discussing here, whether machinery causes unemployment or no. Assuming that machinery is at least a contributory cause of unemployment, the question before us at present is whether **capitalistic ownership** contributes anything towards further unemployment, or in other words, apart from what unemployment may be caused by machinery independent of its capitalistic ownership, does the capitalistic ownership itself cause any unemployment. Such ownership while it no doubt contributes to his profit, does not in any way contribute to unemployment.

17. The capitalist is not in the business for love or hate; he is there for profit, and he will always follow the line of greatest profit. His profit depends upon three things: Capital, producer and consumer, or rather, purchaser. Without these three, there can be no profits; no two of them could suffice, all three of them are absolutely necessary. Of these three he has the first, viz., the capital. That is what makes him a capitalist. The existence of unemployment is in itself a conclusive proof, that there are workers willing to work and give profit to the capitalist as a price of the opportunity to work. If then, the workers are anxious to work and willing to let the capitalist obtain the profit, and if the capitalist is anxious to give employment and get the profit, and still if the workers have to remain unemployed, and the capitalist has to go without the desired profit, the cause of the unemployment must be somewhere else. As there are three, and only three, factors necessary for profit, and therefore for the employment of the producers under the private capitalistic system, and as two of these factors are shown to be not lacking, it follows as a necessary conclusion, that the lack of the third factor must be the cause of unemployment. In other words, **unemployment is not caused by the unwillingness of the capitalist to employ,** but by the unwillingness of the purchaser i. e., of the employed workers, to buy the produce. As long as there is some one

to buy what is produced, the capitalist will keep up the production, and will employ all he can to the full limit of his employing power.

18. This leads us to another theory of unemployment, viz., the Anarchist Theory. According to the Anarchist philosophy there is no purchaser for a part of the produce for the simple reason that the purchasing power of the producing class as a whole, is less than its total production on account of the profits of the capitalist. By "capitalist" is meant here the "owner of all kinds of property, such as——land, natural resources, machinery, or money." Suppose the worker in a factory produces in one day $10.00 worth of produce and gets as wages only $4.00, then he can buy back from the market to the extent of four dollars worth only. The remaining six dollars worth will be left as unsold stock on the hands of the capitalist. In all the domain of industry, take what branch or trade you will, you will find always the same story; produced; ten dollars; received as wages: four dollars. Even the highly paid workers are no exceptions; an expert engineer or supervisor who earns four thousand dollars a month, has to produce by his expert advice or organizing ability, ten thousand dollars a month, to earn the four thousand dollars a month as salary, or else he would not be able to hold his place very long. This is the main feature of the profit system. Thus the **workers as a whole are unable to buy back the whole of the produce.** The rest of the product remains unsold in the hands of the capitalist and constitutes what is popularly called "over production." As long as the capitalist is unable to sell what is already produced he cannot employ any more labor. This is the Anarchist Theory of unemployment. For brevity, we will call it **"the Profit-System [15]Theory."**

19. In view of the fact that Anarchist literature is generally not very popular, and that it is often condemned before it is read, I quote here the following extracts of one of the high-

15. This theory of unemployment was first formulated by Sismondi (who was not an Anarchist) in his new principles in 1819. He might nevertheless be regarded as a forerunner of Anarchist philosophy, just as Rodbertus is of scientific Socialism. Rodbertus is often wrongly given credit for this theory, which was first published by Proudhon ten years before Rodbertus expounded his **theory of** "over-production and crises" in his letter to Von Kirchmann.

est authorities on Anarchist philosophy, in support of my presentation of the Anarchist theory:

"However numerous the occupations, the economic law remains the same—**that the producer may live, his wages must repurchase his product.** * * * If the working man receives for his labor an average of three francs a day, his employer (in order to gain anything, beyond his own salary, if only interest on his capital) must sell the day's labor of his employee, in the form of merchandise for more than three francs. The working man cannot then purchase that which he has produced for his master. It is thus with all trades whatsoever. The tailor, the hatter, the cabinet maker, the blacksmith, the tanner, the mason, the jeweler, the printer, the clerk, etc., even to the farmer and wine-grower, **cannot** repurchase their products; since producing for a master who in one form or another makes profit, they are obliged to pay more for their own labor than they get for it. * * * * The laboring people can buy neither the cloth which they weave, nor the furniture which they manufacture, nor the metal which they forge, nor the jewels which they cut, nor the prints which they engrave. They can procure neither the wheat which they plant, nor the wine which they grow, nor the flesh of the animals which they raise. They are allowed neither to dwell in the houses which they build, nor to attend the plays which their labor supports, nor enjoy the rest which their bodies require. And why? **Because the right of increase** (i. e., profit system, Analyticus) **does not permit these things to be sold at cost prices, which is all that laborers can afford to pay.** * * * Industry under the influence of property (i. e., profit system, Analyticus) endeavors to produce a great deal in a short time, because the greater the amount of product, and the shorter the time of production, the less each product costs. As soon as a demand begins to be felt, the factories fill up, and everybody goes to work. Then business is lively, and both governors and governed rejoice. But the

> more they work today the more idle they will be hereafter. * * * It is when laborers, whose wages are scarcely sufficient to support them from one day to another, are thrown out of work, that the consequences of the principle of property becomes most frightful. In proportion to the increase received by the capitalist, will be the frequency and intensity of commercial crises."—Proudhon: What is Property. First Memoir, Chapter IV, 5th prop.

Such then is the Anarchist theory of unemployment; is it true?

20. It must be admitted at the outset that the theory is very plausible, so plausible in fact, that the average man in the street, the advocate of simple **common sense** as he styles himself, swallows the whole of it at one gulp without waiting to see what he is doing. It has become one of the stock arguments of the soap box politician, and even many of the [16]Socialist leaders who ought to know better, have subscribed to that theory with the weight of their position as leaders. Thus for once, the Anarchist theory has obtained a complete [17]victory over the Socialist philosophy! This is at least in part due to a curious misconception. There is widespread belief among the Socialists that this theory was originated and established b y Marx. Well then, if Marx is the founder of the theory, then that theory must be all right, for Marx should know. But was Marx the founder or even the "finder" of the theory? The theory did not originate with Marx. Proudhon's first Memoir was published in 1840, eight years before Marx lifted his pen to draft the "Communist Manifesto," twenty-seven years before he published his own [18]scientific theory of

16. Socialists resent, with a show of righteous indignation, their being mistaken for Anarchists, for which they themselves are to blame. If they don't like to be taken for Anarchists they should not parade with false Anarchistic theories pinned on their hats. See infra. para. 21, and foot note 20.

17. The Anarchist theory of unemployment has been accepted even by the Industrial Relations Commission, (see Report of Comm. on Industrial Relations, page 35.) The Anarchist philosophy deserves congratulations for this monumental success! It ought to make Proudhon smile even in his grave.

18. See infra., paragraph 52, f. n. 31.

unemployment in his immortal work "Das Kapital." Marx did not found the theory. But he studied it,—as he studied everything else,—and found it wanting. Marx did not advocate this theory, but he refuted and [19]repudiated it in the most emphatic terms.

> "It is purely a tautology to say that crises are caused by the scarcity of solvent consumers, or of a paying consumption. * * * But if one were to attempt to cloth this tautology with a semblance of a profounder justification by saying **that the working class receive too small a portion of their own product,** and the evil would be remedied by giving them a larger share of it, or raising their wages, **we should reply that crises are precisely always preceded by a period in which wages rise generally,** and the working class actually get a larger share of the annual product intended for consumption. From the point of view of the advocate of 'simple'(!) common sense, such a period should rather remove a crisis."—Marx: Capital, Vol. II, page 476.

It will be seen from the above that **Marx did not advocate the profit system theory of unemployment. On the contrary he emphatically repudiated it.** In a footnote to the above Engels also endorses Marxian refutation of the profit system theory.

19. Socialist writers are responsible for their irresponsible references to Marx, conveying the suggestion that Marx advocated the profit system theory. These writers usually content themselves with a general statement, coupled with a vague reference to Marx, unsupported by a citation, for example: Dr. Hughan in her "American Socialism" refers to this theory as being elaborated by Rodbertus, and **later by Marx.** She refers to "Wage Labor and Capital," page 32, but gives no quotation. In absence of a quotation the reader is generally content to accept the writer's claims as being well supported without taking the trouble to verify the given reference. Such a reader, were he to go so far as to look up page 32 of "Wage Labor and Capital" would be quite surprised to find that **there is not one word advocating the idea** that the profit system is the cause of unemployment. On the contrary there is something to point the other way, for in the passage of Marx referred to by Dr. Hughan, after describing the evil effects of crises, Marx concludes with the remark: "and yet none the less the **most fortunate condition for wage labor lies in the speedy increase of capital."**

21. But let us be fair to the anarchist. The correctness or incorrectness of the theory does not depend upon what Marx or Engels said about it. It must be judged on its own merits. As I said before, the theory is plausible, but so is the over-population theory; what does that amount to? The theory, that the earth is flat and steady is plausible, but it requires mathematics and physics to prove that it is a rotating sphere. The Anarchist theory (i. e., the profit system theory) is plausible, but is it true? Marx has shown that every crisis is preceded by a rise of wages and an increase of purchasing power. It is evident that unemployment is not the result of diminished purchasing power of the workers. Among the [20]prominent Socialists who should know better but don't, and who therefore repeat the same old fallacy, may be mentioned Victor Berger. The following extracts are from his arguments:

"The Exploitation of Labor."

"Since the working people do not receive the full value of their products—because a considerable profit is made by the employing class on everything the workers produce—can they be expected to buy back these products? * * * In this way the laboring people not being able to consume enough, and by the [21]planless way in which production is carried on in general, the so-called over-production is created. * * * **Of course no matter how much**

20. Even Allan Benson, the Socialist Party candidate for President in 1916, has fallen into the same fatal error:

"The fact that the capitalist demands a **profit** upon the worker's labor renders the worker **incapable of buying back** the very thing he has made. . . . . **That is why there is not always work for all.**"—"Truth About Socialism," page 17.

This old Anarchist fallacy, dead and buried by Marx, then again by Engels in 1885, and lastly with solemn funeral ceremony at the Erfurt Congress, in 1891, is once more made to walk to the street corners and talk from the soap boxes by **"the-very-clearest-and-cleverest-of-all"** Socialists.

21. There is one spark of truth in the Socialist indictment, viz., that planless production is a cause of crises and unemployment. This point will be discussed later. It seems very strange, however, that the Socialists still place the responsibility for unemployment on capitalism when they know that the essential feature of capitalism is to substitute system in place of planlessness, and order in place of chaos. (See Kautsky, "Class Struggle," page 75 et. seq.)

or how little the toilers of a nation create, they always create more than they are able to buy with their wages, because they have never received the full value of their production. In this way the so-called industrial crises originate. They have come upon us about once in every [22]twenty years, roughly speaking, since the capitalist production began its way.

22. Now let us see what that argument leads to. We are reminded that there is a crises about once every twenty years! How about the first eighteen years of each cycle? Does the worker get the full benefit of his production during this fairly

22. I. There is a slight error at this point. The crises come once in every ten years. It was the chance coincidence of the crises with the sun's spots coming once in every 11½ years that suggested at one time the sun spot theory of unemployment. I have never found out the reason why the Socialists always talk of the 20 year cycle. Marx and Engels speak of it as decennial. Marx: Capital, Vol. II, page 211. Engels: Socialism Utopia to Science.

II. (By the Sec. Sociology Club.) The crises as stated above come nearly regularly once in every ten years, not once in 20 years as the Socialists generally say. The difference is not germain to the theory under discussion and out of courtesy the author has ignored it in his analysis. We should not have even mentioned it, except to illustrate the carelessness with which the Socialists approach so important a question. Among the various references that we have collected in the course of our study, the following is the most interesting:

> "These crises have appeared in their most aggrevated form **every twenty years,** with supplementary or milder occasions in between, such as the "Roosevelt" panic of 1907 and 1908."

COUNTRY	YEARS OF INDUSTRIAL DEPRESSIONS.												
U. S.	1814	1818	1826	____	1837	1847	1857	1867	1873	1882	1893	1907	1913
Great Britain	1815	1818	1826	1830	1837	1847	1857	1866	1873	1883	1893	____	1913
France	1813	1818	1826	1830	1837	1847	1856	1866	1873	1882	1893	____	1913
Belgium	____	____	____	____	____	1837	1847	1855	____	1873	1882	1893	____	1913
Germany	____	____	____	____	____	1837	1847	1855	____	1873	1882	1893	____	1913

"Menace of Unemployment," Winfield Gaylord.

With these figures before him, Mr. Gaylord still repeats the phrase "every twenty years!" This is not a case of excusable ignorance. It is carelessness pure and simple. It is time that the working class aroused itself and endeavored to ascertain whether the solution of the unemployment problem can any longer be trusted to people who do not know what they are talking about, or worse than that, **who do not care to know.** It is an extremely dangerous hazard to trust the destiny of the people to those who are satisfied with "high places in the synagogues," and who will not take the trouble to read even the writing on the wall.

long period? No! On the contrary it is just when in the nineteenth year his wages are the highest and his purchasing power is at its best, that we reach the beginning of a crises! John Spargo has shown ("Bitter Cry of the Children," page 43-44) that the death rate of infants had considerably fallen during the crisis of 1871, when large numbers of women were thrown out of work. This diminution of the death rate has been attributed to the better care of infants, which care was denied to them before the crisis, when the mothers were at work. While as an argument against female labor the facts are unanswerable, incidentally they prove, that the workers can save and do save before the crises, and that an exhausted purchasing power is therefore not the cause of crises.

23. And again, how is it that the period happens to be so nearly exact twenty years? Why should the purchasing power fail just once in twenty years? We can't even say that it takes nineteen years for the workers savings to run out, because the year of industrial boom is the year **before the crisis,** not the year after. During the nineteen years, industry, and therefore purchasing power of workers slowly but steadily increases, so that the maximum amount of savings in the hands of the workers is just before the crisis, whereas that of the capitalist is for the same reason at a minimum at this time.

> "On the eve of the crisis the bourgeois, with the self sufficiency that springs from intoxicating prosperity, declares money to be a vain imagination. Commodities alone are money. But now the cry is everywhere, money alone is commodity."—Marx, Capital, Vol. I, page 155.

24. But the greatest weakness of the Anarchist theory is its inability to explain how the crisis ends. Every crisis ends in a year or two,—we know that; but how does it end? We are told that a crisis comes because the workers cannot buy with their wages what they have produced. If they can not buy what they produce with the wages, **when they hold their jobs,** they certainly could not buy it, when they lose their jobs and earn little or no wages at all. The Anarchist (or the Socialist in Anarchist shoes) tries to dodge out of the difficulty by saying that during the crisis the production is

suspended, or at least diminished, until the accumulated stock is sold out. But how is the stock sold? Who can buy it? Even during the crisis the wages are only a part of the produce just as at any other time. "No matter how much or how little the toilers of a nation create, **they always create more** than they are able to buy back with their wages." Therefore it should be impossible to sell accumulated stock during the crisis, that is, **if the amount of wages being lower than the value of the product**, (or in other words, if the profit system) be the cause of the crises. And conversely, since we know that every crisis ends somehow, in spite of the profit system, that system cannot be the cause of crises. The advocates of that theory make one more heroic, though not a very scientific defence, by introducing the foreign markets. Foreign markets! Where on God's earth is the foreign country in which the workers do not create more than they receive as wages? An absurd theory can only be bolstered up by such absurd defence. It is a well known fact that when a crisis comes, it covers almost in one day all the countries of the world. How can the workers of any one country help those of another, when both are in the same predicament? **Hence, the profit system is not the cause of crises, nor of unemployment which constitutes the crises. The fact that the workers get as wages only a part of the value they produce is indisputable. But it is not the cause of unemployment, however plausible the explanation may appear at first sight.**

25. Another theory of unemployment is misapportionment of labor to needs. For example, the needs of a certain village would be best supplied by ten joiners. If five more people take up the joiners' trade, the trade will be crowded and some of the joiners will be out of work. Competition might decide who will remain at work and who will not, but some men will have no work: that is certain. This theory is endorsed by the [23]Socialists, and as a remedy for the evil they

23. In Socialist literature, this is generally referred to as anarchy of production, or planlessness of production. (See paragraph 21, f. n. 21.) According to Engels crises are caused by introduction of capitalistic order in the midst of social chaos and anarchy, or to quote the classical formula, they are caused by "contrast between the organization of production in the single factory and the anarchy of production in society at large."

propose that the industries must be under the control of the state, who will then try to apportion the men according to the requirements of the trade. The state control of industry might or might not be the best way to remedy the evil, but we must first try to see whether misapportionment is the real cause of unemployment. According to this theory, one trade is over-manned at the cost of some other trade which must necessarily be under-manned. Unemployment in one trade will be compensated by insufficiency of help in some other trade. Such a state of things is extremely unstable; if a trade is insufficiently manned, the wages in that trade will rise on account of high demand for labor, and the high wages will attract more men until demand and supply are once more in equilibrium. Insufficiency of help, whenever it occurs, is only a temporary condition, and generally arises out of some sudden emergency. A sudden squall of wind will heap up water in a place, but it cannot keep it there very long, and the process of leveling begins the very moment the level is disturbed. In the year 1897 there was the first outbreak of plague in India. The demand for medical help rose so high that college boys who had not completed their course of study were taken into service and were paid salaries as high as those of properly qualified doctors. But in two years things settled down, and to-day the medical profession is as crowded and suffering from unemployment as it was fourteen years ago, though the ravages of plague are far more extensive than when it first began. Beveridge, in his lectures on unemployment, shows by a reference to numerous statistics that unemployment is not generally limited to one or two trades; it always affects nearly all trades. **Misapportionment of labor cannot, therefore, be the true cause of [24]unemployment.**

26. Another well-known theory of unemployment is the

24. Misapportionment of labor, or anarchy of production, to use a more familiar formula, produces transient unemployment, which soon passes away under the leveling influence of competition. This view is endorsed by theoretical scientific Socialism. "In the totality of this disorderly movement, is to be found its order. Throughout these alternating movements in the course of this industrial anarchy, competition, as it were, cancels one excess by another."—Marx: "Wage Labor and Capital."

land monopoly theory of Henry George. This is only a modified form of the Socialist theory of capitalistic monopoly of implements. There is, however, one important difference between the two theories. The Socialist theory is palpably wrong. The Henry George theory like the Anarchist theory is at least plausable. With the exception of land, every other implement of labor is useful for producing things having a market value only. The result of the labor is of no direct use to the worker. A shoemaker can make a hundred shoes a year, but he cannot eat them, he cannot drink them; he can use only one, the remaining ninety-nine are useful to him only if they can be sold. If there be no demand for them he will have to remain unemployed whether the implements of labor be free or no. With land it is altogether different. A man can produce some of the most needful things with the application of labor to land and live in a state of at least a contented savage. The product of his labor has to him a direct use-value, in addition to market-value, which depends only on demand. Even if there be no demand, he may still work and produce in part what he needs, if he has land at his disposal; a man possessing land has no excuse for being unemployed. To this extent, and to this extent only, the theory is true. The mistake of Henry Georgeism lies in the assumption that all unemployment results from monopoly in land. There are various trades and professions that have to depend upon the market-value of the labor, the labor having no direct use-value to the worker himself, e. g., the labor of a musician, a painter, a juggler, an astronomer, a teacher, etc. These men cannot earn a living from land unless they change their trade, which is often impossible and always impracticable, or unless they give their land to others for a price or rent. But the latter method is admittedly an abandonment of the principle itself.

27. The Henry George theory also ignores the need of preliminary resources. Suppose I am out of work, suppose also, that I am both willing and **able to work on land** for my livelihood—which is to suppose rather too much—and suppose now that a few acres of land are placed at my disposal in order to help me out of my unemployment. How far will it help me? I should still need the implements, either crude

or improved, according to the development of industry in the society where it falls my lot to be. I should need seed, grain and other necessaries with which to do my work. Lastly I should need food, clothing and shelter with which to sustain life. All these things are absolutely essential for my well being before I could reap the first harvest. For all these the Henry George theory makes no provision whatever. All these things are obtained from the land with the help of labor. Others can and did obtain them before me with nothing more than labor. "Here is your land," they say, "if you can't produce what you need and get your living it will be your own fault." Presented in this form, the free-land system of Henry George rises up like a brutal mockery, but I did not introduce the brutality in it for **it is inherent in the Henry George philosophy.** I have only brought to view what was hidden under the misleading doctrine of Justice as expounded by Henry George. Read his "Progress and Poverty," "Free Trade" and other well known books and convince yourself. **The free-land system—whatever else may be said in favor of that system—will not solve the unemployment problem.** It will only serve to soothe the guilty conscience of the House of Haves, by removing what in their opinion is the only excuse for revolt among the discontented army of Have-Nots.

28. **Land monopoly is not a cause of unemployment, whatever other sins we may charge against it.** It is only a possible cause. By this I mean that the owners of land could create unemployment by virtue(?) of their ownership if they were so minded, but they are not so minded. The motive for owning land is to earn profits without work. The only way to earn such profit is by permitting, in fact by inducing, others to work on your land on condition of payment of rent. It is true that the land owner refuses permission to use his land, but it is not because he wants to keep it idle, but because he wants the user to pay for its use. The gate-keeper at the circus keeps out people not because he does not want them to go inside of the tent, but because he wants them to pay for the privilege of going in. He wished as many to go in as he has accommodations for, only he wants them to pay for the privilege. If then the land-owner desires rents and the

worker is willing to give the rent and yet if land and labor remain unemployed, the causes of their unemployment must be looked for somewhere else. In other words **land monopoly is not a cause of unemployment.**

29. **We have seen so far that unemployment is not due to insufficiency of work, or to over-population, or to exhaustion of resources, or to capitalistic monopoly of land or of implements of work, nor to anarchy of production, except as a passing phase. What then is the real cause? The immediate and prevailing cause of unemployment is a previous unemployment.** Like an infectious social disease it passes from one person to another steadily increasing in virulence as it grows. A is out of work because B is out of work, B is out of work because C is out of work, and so on without limit. There are other contributory causes which concentrate unemployment at certain times in certain localities, in an intensified condition, and these causes are therefore regarded as the chief causes of the trouble. For example, a new invention may throw thousands of workmen out of work. The introduction of the linotype made havoc among the compositors. A plague in Manchurea, a revolution in China, a famine in India, might, by interfering with some particular trade, throw large masses of workmen out of work. But these are only contributory causes and must not be allowed to mislead us in our theoretical analysis. **The prevailing cause of unemployment is a [25]previous unemployment.**

30. The one reason why there has been so little theoretical work with regard to the unemployment problem is that the attention of all those concerned with the solution of the problem was taken up by the practical solution of the problem, and the practical solution had reference to a particular form of unemployment—the unemployment of the lower class of wage-earner who is in need of work for earning his next meal. These practical economists ignore the existence of an unemployment of any other kind, **but the unemployment thus ignored is quantatively more extensive and in its effect on the economic and moral state of society, of far greater con-**

25. At this stage we are discussing only the immediate cause. The ultimate cause i. e., the cause of the first unemployment will be discussed later. (See paragraph 36).

sequences than the particular kind of unemployment that attracts our attention and excites our sympathy. The most irritant poisons are not necessarily the deadliest. The most painful diseases are not always the most fatal nor most infectious; the most heartrending form of unemployment is neither the most dangerous nor the most extensive. In order to formulate a correct theory of unemployment we must begin with the most generalized conception of unemployment.

31. **A person is unemployed when he has the will and the ability but not the opportunity to do any particular kind of work for its equivalent economic remuneration.** Unemployment is of two kinds, acute and chronic. When the unemployed person is in need of employment for the sake of remuneration, which is needed for the satisfaction of some urgent necessity such as food, clothing, medicine, etc., the corresponding unemployment is acute. When the person is able to tide over the difficulty in any way the corresponding unemployment is chronic. Unemployment changes its character, and under certain circumstances transforms itself from acute to chronic or from chronic to acute. Miss Mule is unemployed and has nothing wherewith to buy a breakfast for herself and mother. The unemployment is acute. A newspaper reporter gives her some money to buy a few meals; as long as the money lasts her unemployment is chronic. Prof. Hardhead loses his situation on account of having held certain views in religion or politics. He is unemployed for some years and he lives on his savings in the meantime; his unemployment is chronic. His savings are exhausted; his unemployment is now acute. If at this stage he accepts employment as a railway conductor or as a proof reader in a press with a salary just sufficient to give him and his wife two meals a day, he would, according to my definition, be now suffering from chronic unemployment. Or if instead, he accepts an editorship of a paper and writes for pay against his will, something contrary to his convictions and gets for this service a very high salary, he should still be regarded as suffering from chronic unemployment—merely tiding over a difficulty by selling his conscience. To the individual victim of unemployment, the acute type is of more concern than chronic. To a student of economics, as to a doctor, the chronic type is

more important than the acute, as it offers greater opportunities for study. When people speak of unemployment they have in their mind only the acute unemployment. They are generally unconscious of the existence of the other type: this is the reason why no satisfactory theory of unemployment has been developed in the past. With the generalized definition given above, it is easy to see how unemployment breeds unemployment.

32. For example, here is Mr. Boots, with his implements of work, his brushes and polishing cloth free for his use. He is free to work night and day, if he chooses, but he has not work enough and most of his time is wasted in waiting for customers. He is not altogether unemployed, but the greater part of his time passes in unemployment because many people prefer to shine their own boots. What can Mr. Boots do during this enforced idleness? He does to others what his possible customers did to him. He mends his shirts, darns his stockings, and paints his baby's carriage. Thus he keeps a tailor and a painter out of work. Mr. Tailor has a message for a friend; if he had got Mr. Boots' shirt for repairs he would have gladly spent a part of his wages in talking over the telephone. But as it is, he finds it prudent, and to some extent even necessary, to walk to his friend's house and back, a couple of miles, in order to save a nickel. But the nickel thus saved by Mr. Tailor is lost by the Telephone Company. They are losing hundreds of nickels every hour in this way. The Telephone Company's books will show what they earn, but they have no means to find out how much they fail to earn through unemployment. With more employment of their service and more income they might open more stations, employ more wiremen to fit up the stations, and more operators to work at the exchanges. They might also give more employment to manufacturers of wires, poles, insulators, transmitters, receivers, etc. A person who shines his boots and darns his stockings is keeping all these men partly out of work.

33. I do not blame a person for shining his boots any more than I could blame Mr. Boots for repairing his shirts. Shining boots is not only a cause, it is also a result of unemployment: unemployment should be traced backward as

well as forward. A man shines his boots because somebody else has kept him out of work. Shining boots is not a very inspiring work or a pleasant recreation. No person would be so foolish as to save five cents by shining his own boots, if he has an opportunity to do his proper work and earn ten cents during that time. But he knows that he has no chance of earning the ten cents for which he has the ability but not the opportunity, and he wants to make the next best use of his time in saving five cents.

34. **Unemployment is an infectious social disease and must be treated as such.** When we speak of the unemployed we are thinking only of those who are quite unemployed for a considerable period. We overlook the far more important and extensive unemployment of the partly employed and the still more serious unemployment of the misemployed. Here is a man of great inventive powers capable of inventing a new machine for harnessing the tides or of discovering a new chemical element harder than steel and lighter than aluminum. But he has not the opportunity to do it and he is not the sort of man to sit down and starve for want of work; so he dissipates his powers in inventing a new advertisement, or prostitues them for wages, to discover a flaw in the wording of the Sherman act.

35. Low wages is only unemployment in disguise with slavery in the bargain! A man who works the whole time on half wages has really a half-time employment; he is giving the other half-time work gratis in order to retain the half-time employment on which his life depends. But a man who is forced to work for another without remuneration through fear of some other consequences is a slave, and all underpaid employees, whether hand worker or brain worker, are slaves. Even the [26]capitalists are slaves—though through the efforts of Socialists they have wrongly come to be regarded as slave owners—and they cannot escape slavery as long as they are partly unemployed. Seen in this light, unemployment is wider and deeper than it appears at first sight. It is a social disease

26. "I believe that our general system of wage slavery holds the soul of the rich as well as the poor in bondage."—Prof. Miss Vida D. Scudder.

of universal extent and must be treated by the whole society by a united and organized effort.

36. An important and by no means irrelevant question might be asked at this stage of analysis: whence came the first germ of the disease? Like all diseases, it will be found on investigation, that the disease is due to some healthful and useful organ once very serviceable but now no longer needed, and that the disease germ is related to an innocent organism, which first came into existence in prehistoric times, in much the same way as the present scorpion with a venomous sting is related to its stingless forefathers of the Silurian age. Long before the dawn of earliest civilization, there was more work to be done than man could wish to do. The most elementary comforts of life depended upon an enormous amount of work, and some means of avoiding work must have been man's perpetual care. The first effort in this direction must have been an attempt to rob the fruits of others' work, and for a time this act must have been regarded as highly praiseworthy. Some reformers must have protested against it, but this protest must have been regarded at first as a rebellion against "the good old established plan, that they might take who have power, and they should keep who can." I can fancy the then conservative leaders of that society justifying robbery as an old and time-honored institution, giving automatically to the most competent a reward for ability, and imposing upon everybody the task of guarding their property in order to prove that they deserved to keep it. They must have argued that a free competition in trying to take the fruit of other men's work tended to make all men active, energetic, and watchful. But in spite of all these specious arguments, society must have come to regard robbery as an evil, and laws to prevent and punish it must have been passed at an early period by a nearly unanimous consent. **This was probably the beginning of government.** But the problem of work was still unsolved, laws against robbery being no solution of the real difficulty. At this point conservation of products was an absolute necessity and thrift was therefore also necessary. There was probably also another reason for regarding thrift as a virtue, but we can not discuss it at present. I will take up this question in one of the subsequent lectures.

37. The next attempt must have been in the direction of division of labor, and it was certainly a move in the right direction. This most important step, which was one of the earliest steps in the march of civilization, could not have been the sort of deliberately scientific development such as is presented to us by the writers on political economy. It must have resulted as a sort of compromise in the mutual attempts of two persons to take the fruits of each other's work. It was taking the fruit of other men's work by taking the other man's work itself. Whatever the genesis of the system might be, it carried within itself the germs of two great social evils, (1) The tendency towards a competitive monopoly, and (2) The tendency towards unemployment. It required certain conditions offered by modern civilization to develop these evils. But the tendencies have always been there awaiting their time of fulfilment. I am not arguing against division of labor. In spite of the two great evils that have grown out of it, it is without doubt the foundation of all civilization, modern, ancient, and prehistoric. As to the evils, but for certain conditions peculiar to our modern civilization, the germ could never have grown into a disease, and even now it is not difficult to stamp out the disease, without in any way interfering with civilization. It is no part of my work here to trace the evolution of competitive monopoly out of division of labor, but as to unemployment it is not difficult to trace the eariler steps of its evolutuion.

38. Division of labor consists of a man taking another man's work in preference to his doing his own work. A farmer has his plough broken during work; to repair it is now his most important work, but he prefers to hand over his work to another farmer and takes instead his work of raising for him a few bushels of wheat. To the second farmer whom we will hereafter call the joiner, repairing the farmer's plough is easier than his own work of ploughing his own field. To the first farmer, ploughing the joiner's field is easier than his own work of repairing his own plough. In this way work in a society begins to be divided into kinds, and one man does only one kind of work not only to satisfy his own needs, but also needs of others for a remuneration. Such a system of dividing work into kinds, is called division of labor. The sys-

tem is morally just and economically sound, but in so far as it consists of taking another man's work, it contains the germ of unemployment. The system ceases to be morally just when the two works exchanged are economically unequal and the exchange is brought about under circumstances giving one party an unfair advantage over the other. It also ceases to be economically sound when the work is so distributed that some people remain without work, for a corresponding wealth-producing power is wasted by want of use, or still further by misuse. It is bad enough when a few million laborers are out of work, but it becomes immeasurably worse when even a single brain worker is out of work. The possibilities of human brain are beyond calculation. Genius grows in the palace and in the slums. Who can tell how much the world has lost by stifling genius? Who can measure the harm done by misdirected genius? For every Edison the world got, it has probably lost a thousand who might have been the benefactors of the world, but who are today some of our daring criminals, either in the jail or at large preying on society by lawful crimes. In our modern society the system of division of labor has reached a phase in which both these evils, the moral and economic, are strongly developed: The germ has grown into a malignant disease. In uncivilized state, the germ cannot grow, for in spite of division, work is still so laborious that no person can wish or hope to take work of more than a few men at a time. No farmer could undertake to plough for more than a dozen men; no joiner could undertake to repair more than a dozen ploughs a day. In a civilized society it becomes possible for one man to do some kinds of work for a thousand or even for a million men at a time. This method of taking other men's work may be perfectly legitimate as far as the existing laws are concerned, but the resulting unemployment is none the less an evil and must be removed. It is not necessary to give up division of labor and turn back from civilization to barbarism. All that is necessary to readjust the state of things, so that the system should be once more just and economic, is to revise the laws in such a way that no person should be unemployed and a burden on others, unless by some disability he is unable to do any sort of work. There is no need to do anything in particular to secure fairness and

equity in exchange. With abolition of unemployment the natural law of exchange will automatically adjust itself approximately to the requirements of equity.

39. But before proposing any practical scheme of reform, we must try to see why a healthy institution was converted into a seat of disease. Without this investigation the theory would be incomplete, and we should have no guarantee that the reform scheme might not miscarry and prove a source of unforeseen dangers. It is a well-known fact that organs which were at one time useful members of the body, but which, under altered conditions, have ceased to be of any use, generally become sources of disease. The tonsils and the vermiform appendix are well-known illustrations. We find similar phenomena in religions, social organizations, and politics. The Levitical law was meant to fulfill a real want, and there is no doubt that during the exile, and for some years after the return, it did its duty well. But in course of time it ceased to be of any use, corruption set in, worship became a farce, and the temple was turned into a market place. Prophet after prophet tried to introduce a reform without any success, until at last the Prophet of Prophets demolished the temple and substituted in its place a worship in spirit and truth. The caste system among the Hindus must have at one time supplied a real social and economic need, somewhat like the craft unions among the European races, but in course of time the need passed away, and the system has for a long time served a very useful purpose in the hands of foreign conquerers to split up the country, "to divide and rule." In politics, the feudal system was an important step towards a settled government, but in course of time the system became a danger, and in all countries it had to be abolished in order to establish a centralized government.

40. In economics, too, we have a similar phenomenon. At one time in the evolution of society thrift served an extremely useful purpose and was rightly regarded a social and economic virtue. To-day, under an altered condition of society, it has ceased to be social virtue and has a very questionable economic value. This social supposedly organ—thrift —once very useful but now needless, has become, under individual control, the seat of a disease, viz., unemployed. But

popular opinion with its immense conservatism still regards thrift as a virtue and it is therefore necessary to examine this claim closely with an unbiased mind.

41. [27]Thrift consists of two factors, industry and economy. Industry, as opposed to laziness, is certainly a virtue and will always remain a virtue. Economy as opposed to dissipation is also a virtue. The unscientific critic generally stops at this stage. But as students of scientific analysis we must go another step. Is industry opposed to laziness alone? Is there no third alternative? A man wants to work and cannot get it. He cannot be regarded as industrious, for he is not working, nor can he be called lazy, for he is willing to work and is making every possible effort to get work. To tell a man to be thrifty (i. e., industrious) when you know that he cannot find work is simply adding an insult to his injuries. The advise to be "thrifty" implies that there is available work; when no work is available the word "thrifty" has no meaning, and having no meaning at all, it cannot signify a virtue. There was a time when labor saving devices were unknown, and when there was lots of work to do for anyone who wished to work. Only a lazy man could be without work; the industrious thrived and thrift came to be regarded as a virtue. That, a man willing to work would not be able to get a chance to work was at that time beyond the possibility of thought. But the state of things is changed; men are hunting for work and cannot find it. Under these circumstances thrift has become meaningless. It no longer represents a social virtue.

42. Though in the sense of industry "thrift" has ceased to be a virtue, it is at least not a vice. It is meaningless; that is the worst that can be said about it. But in the sense of "economy" it has not only ceased to be a virtue but has been transformed into a social vice. When we speak of economy we are thinking of something as opposed to waste. Waste is of two kinds, (1) waste which profits nobody, and (2) waste which profits somebody. A typical illustration of the first is the popular anecdote of Baron Rothschild entertaining Queen Victoria with a cup of tea which cost him £20,000. The Baron

27. The word "thrift" is ambiguous. It sometimes means industry and economy as defined above, and sometimes only economy. In all cases the context shows in what sense the world is used.

is said to have burned £20,000 in Bank of England notes to prepare the cup. "What a foolish and wicked waste," says the indignant apostle of thrift. As to whether the waste was foolish or no, the Baron is the best judge, for he must have known what he was going to earn by such a flattering compliment to the Queen Empress. But as to the waste being wicked, I fail to see any wickedness in it. Would it have been a wicked act if the Baron had presented the Bank of England with a purse of $20.000. How could the same act be wicked merely because it was done in an indirect way? Generally a deliberate waste which profits nobody, also harms nobody, and there is not need to discuss it any further. Secondly, such waste is extremely rare; it is not the kind of waste we are thinking of when we talk of thrift.

43. The second kind of waste consists of spending money for things or services which could be dispensed with. A man may do without a cigar, he may live on oatmeal and potatoes, he may walk instead of riding on a car; he may shine his boots and shave his beard, he may read his papers in a free public library or read none at all. The poor in this country generally practice so much thrift without deriving much benefit thereby. Assuming that he has the means, he may go even further—he may do without most of the furniture and sit cross-legged on the floor like a Turk or eat his food with his fingers like a Hindu. But now, assuming that all the people of the United States practice thrift like this, will it make the country rich and prosperous? Could the Evening Post boast of a circulation about two millions every week if every one limited himself to reading only what is necessary? What would become of the spoon and fork factories if all the people in this country should start eating with their fingers? Thrift is an excellent thing to preach as long as you are sure of its not being practiced. Let the people of the United States start practicing it, and within twelve months it will be one of the most miserable countries in the world. The Hindus are the most economic race of people in the world, but they are neither rich nor prosperous. If people in this country dress in plain clothes of cheaper material, what will become of the factories and clothing stores? If they give up smoking, how many tobacconists can escape ruin? If they abstain from all needless

luxuries, the portrait painters, piano makers, and lace weavers will all be swept away.

44. "Thrift" is only another way of spelling "unemployment." Every time I shave my beard I keep the barber out of employment. Every cigar that I do not smoke is so much unemployment to the cigar-manufacturer. The very essence of thrift is to give as little employment to others as you can. So long as man was in an uncivilized state thrift was a virtue, for it then served a very useful purpose of economizing labor. It was the only way of saving labor. Division of labor was, as stated before, the first step in civilization. "Thrift," which had up to this point served a very useful purpose, now began to be useless and only became an obstacle in the way of civilization. **For, civilization required mutual employment. "Thrift," by which I mean individual thrift, stood for mutual unemployment.** Out of these opposing forces there arose a tendency to obtain employment from others by every possible means, without giving employment to others in return. In the earlier days of civilization the tendency could not grow into a disease, for nobody could wish to get from others more work than he could do, and he could not do much. With modern civilization and increased working power of the individual, taking other people's work in large quantities has become possible, and unemployment, both chronic and acute, has been the result. A civilized society that tries to depend upon thrift cannot escape unemployment, and the more the advance in civilization the more the unemployment, both chronic and acute. It is the inevitable result of trying to live like savages under conditions of the most advanced civilization. Thrift is opposed to division of labor, and therefore to that extent contradicts itself and defeats its own purpose. A tailor who shaves himself to save a dime, spends much more than the dime's worth of time and labor than a barber would, and a barber who makes for himself a shirt will waste more cloth, time, and labor than a tailor would, and yet the leaders of our modern civilization advise the barber to make his shirt, and the tailor to shave his beard, and call it "thrift!"

45. At this stage I must guard myself against a possible and likely misinterpretation; anybody might hastily infer that I advocate a lazy, improvident mode of life as a solution of

our present economic difficulties. I advocate nothing of the sort. That I am opposed to thrift being regarded as a social virtue and social ideal is a fact, but I would not advise any person to give up thrift on that account. How I propose to get rid of thrift I need not say at this stage. I will deal with the question in its proper place under "Cure for Unemployment." It is sufficient at this stage to say what I do not intend to advise. I do not advise anybody to abandon thrift, it would be simply economic suicide. Any person who spends more than he needs will not reform society. He will only bring himself to the end of his resources and lose even the small power he possesses, of effecting some kind of reform. No person can hope to achieve anything by abandoning thrift in a world which regards it as an ideal. An advice to abandon thrift would be like an advice to an Arabian Bedouin to go about unarmed. Nor again would I advise society as a whole to give up thrift and by "a gentlemen's agreement" to spend to the fullest extent of its power. One single thrifty man in such a society would reduce the whole society to servitude unless in the meantime the others change their minds and go back to thrift.

46. Thrift, i. e. individual thrift, is to the individual in economic warfare what armies and ammunition are to government in international warfare. Everybody knows that these ever-increasing armies which have nearly transformed Europe into a military camp are serious evils to-day and a source of greatest possible danger in future, and yet no sensible statesman will recommend a policy of disarmament. Every reason that is good against a policy of disarmament for any nation is also a good reason against a policy of abandoning thrift. Whichever method ultimately succeeds in reducing the armaments will also with due adaptations succeed in abolishing thrift and putting an end to unemployment. The two problems are strictly analogous, and anybody who has studied the disarmament problem can have no difficulty in anticipating my solution of the unemployment problem. Thrift has to be abolished, but it cannot be abandoned. In many countries nobody is allowed to go about with arms, but in a society where going about with guns and shooting your

opponent or rival on least provocation is considered lawful and meritorious, no man would think of advising his friend to go out unarmed. In such a society you can imagine a man preaching against the custom of the free use of arms. He might work hard to introduce a law to prevent the use of arms by citizens, but as long as the law remains unchanged, he will neither go out unarmed himself nor advise others to do it. I do not want thrift to be abandoned by anybody. I want it to be abolished by way of proper and practical constitutional reform.

47. But there is another and a stronger reason for my not advocating the policy of "spend all you earn." **It will not solve the unemployment problem.** It is true that saving causes unemployment, but it does not follow conversely that spending all one earns will put an end to unemployment. **Converse propositions are not necessarily true.** If you play with a gambler as skillful as yourself, but not as honest, and if he uses marked cards and loaded dice you are pretty sure to lose; but it does not follow conversely that if he does not use dishonest methods that you will surely win. You might win and you might not, for it is now a matter of chance, and the probability is that an honest player will sometimes win and sometimes lose. Or, take another illustration: If I take a few grains of potash cynide this evening I will not be living to-morrow morning. That is a matter of absolute certainty within the limits of human knowledge. But if I do not take the cynide to-night is there any guarantee of my living to-morrow? I might be bitten by a crait in my bed. I might be shot by a loyal and patriotic gun-man. I might be run down by a careless chauffer or get drowned in the river on my way home. Then again, there is the possibility of death by heart failure and other internal troubles. Life depends upon the proper equilibrium of protoplasmic activities maintained by proper functioning of all the organs and parts of organs. Anything that seriously interferes with any of those functions will cause death. Cynide causes death because it interferes with one of those functions. But there would be death even if there were no such thing in the whole world as cynide, because there are other things that interfere with some function. In the

same way, while thrift practiced by the individual must surely cause unemployment, it by no means follows that if thrift were not practiced by the individual it will lead to the end of unemployment. To illustrate this point, let us assume a small community of but five persons. For simplification we will call them A, B, C, D and E. If one of these saves he creates unemployment. This fact is so obvious that I need not take time to illustrate the point. But now let us assume that every one spends all he earns, will that make unemployment impossible? If each of them bought **from all the others and in proportion to what each of the others produced** there would be no unemployment. But the mere fact that each of the five individuals spends all his earnings carries with it no guarantee as to how it will be spent. The other two conditions (1) buying **from all,** and (2) buying from all **in proportion to the producer's product,** may not be fulfilled; there is at least no guarantee of such fulfillment. On the contrary, if left to chance, the probability is that there will be unemployment **even if the people spend all they earn.** For example, suppose A buys from B, C and D, but not fromE; B buys from A, C and D but again not from E and so on. In that case E will be unemployed although A, B, C and D and even E spend every cent they earn. Unemployment caused by chance will not probably be so extensive at first as when it is manufactured systematically by the deliberate exercise of thrift. But there will still be some unemployment caused by the haphazard distribution of work by indiscriminately spending money. A little unemployment will cause more unemployment and compel everybody to revert to thrift which will bring them right back to their starting point. **Indiscriminate spending is no remedy against unemployment and I therefore do not advocate abandonment of thrift by individuals. It is no solution to the unemployment problem.** Incidentally let us note that anarchy of consumption is only a possible, and not an essential cause of unemployment. This fact must be kept in view in devising a solution of the unemployment problem.

48. This brings up once more the Socialist theory of anarchy of production, to the "planless way in which production is carried on" as being the cause of unemployment. (See

para. 21.) This view formulated by [28]Engels is one of the leading propositions in the theory of scientific Socialism. That this proposition contains a spark of truth is cheerfully admitted, but it contains just a spark and no more. I have already shown how anarchy of consumption may cause, and in fact does cause unemployment. Now consumption must by its very nature be anarchic, for the purpose of consumption is the gratification of desire. As long as desire is free and unfettered by law, consumption must be anarchic, that is; uncontrolled by law and unregulated except by circumstances, such as inability to procure or consume. The ultimate purpose of all production is consumption. Therefore the more perfectly it is adjusted to the needs of the consumer, the more anarchic it appears to be. This is why capitalist production appears to be anarchic, just in proportion as it eliminates chaos and introduces order. Imagine a hound chasing a very lively hare on a moorland in which there are many places for the hare to hide. Suppose the hare to be visable to the hound but not to the spectators watching the chase. The hare runs, stops, turns, and dodges in all possible ways, controlled by no motive except the desire to maintain its freedom. The movements of the hound are controlled by those of the hare, but to an observer who cannot see the hare, the hound seems to follow no law whatever, and the more closely the hound follows the hare the more erratic his movements seem to be. The anarchy of production is only an apparent anarchy, the apparition being due to the efforts of capitalism to keep pace with consumption which is truly anarchic and follows no law. Understood in this sense, anarchy of production is no doubt the cause of unemployment and to this extent the Socialists are right. But when, from this premise they jump to the conclusion that capitalism is the cause of unemployment, they are entirely off the track. Capitalism did not create the anarchy; the anarchy was there to start with: capitalism introduced order, removed chaos to a large extent and diminished anarchy. It is the height of absurdity to accuse capitalism of having created an evil which it did not

28. "Organization of production in single factory, and the anarchy of production in society at large."—Engels: Socialism Utopian and Scientific.

create, but which, on the contrary, it has done something to remove! The service of capitalism in this respect is frankly recognized and fearlessly acknowledged by some of the highest exponents of modern scientific Socialism.

> "It (speculation) is a necessary function of the capitalist. By speculating * * * the merchant helps to bring some order into the chaos of the planless system of prodution that is carried on by individually independent concerns."—Kautsky, Class Struggle (Erfurt programme, page 75.)

Though Kautsky uses the merchant as an illustration, the argument is applicable to all forms of capitalism, including industrial capitalism.

49. Nor should I be understood to mean that thrift can never be a virtue. There was a time when it was a virtue, and the time will come when it will be a virtue [29]again, but it is not a virtue to-day, and until the last willing worker has found employment thrift cannot be a virtue, whatever else it might be. Ingratitude can never be a virtue, and in our society as it is to-day thrift is the worst form of ingratitude; for a thrifty man obtains his opportunity to work from somebody, then denies an equal opportunity to others, by practicing economy, i. e., by refusing to employ others. Not content with this, he turns round and reproves the needy for their thriftlessness, i. e., for their having given him the opportunity whereby he had earned his income. Thrift is unchristian. It is easier for a camel to pass through the eye of a needle, than for a rich man to enter the Kingdom of God. A rich man is only a successful thrifty man, for it is not a man who merely earns a large income that is rich, but a man who saves much. Here is the explanation of what puzzles people so much: Why should Jesus be so hard against a rich man simply because he is rich? A man cannot be rich without being thrifty, i. e., without ingratitude. Thrift is the cause of poverty. There is no possible way of producing wealth except by work; there is no possible way of practicing economy in our society except by preventing work, i. e., by keeping some person out of work. A man may spend money in a

29. This point will be considered in the second and subsequent lectures.

good way or in a bad way, but there is only one way of saving money, and it is the evil way at present—the way that leads to unemployment and poverty. There is a poular misconception that saving is equivalent to increase of wealth; it is not. It was so in the remote past in savage society where every man worked for himself; if he saved anything at all it was something **that was produced.** A savage fisherman who catches ten fish and eats nine, **saves one fish.** Next morning he is richer by one fish, and he can now spend a part of his time in building a boat or some other form of wealth. If every savage in that society, or group, did the same, the wealth of the whole group would be increased. In this way the more they save the wealthier they grow. **In a civilized society where division of labor is the predominating mode of production, saving has a diametrically opposite effect.** In such a society a thrifty fisherman does not save his fish; he sells all his fish and saves the money. Suppose he sells his fish to a joiner, but refuses to buy chairs, tables, and other furniture in return. It would not increase the wealth of the joiner; it will prevent production of furniture and keep him poor. For in this case saving does not consist of **saving of produced wealth** but **of refusal of opportunity to produce.** Lack of opportunity to produce is unemployment, with poverty as a by-product.

50. Closely connected with the problem of poverty is the problem of high-cost-of-living. In spite of what economists the **thriftists** have to say on this point, I claim that high cost of living has nothing to do with protection or free trade; it has nothing to do with manufacturers or middlemen; it has nothing to do with trusts or watered stocks; it has nothing to do with taxes or with military expenditures; it has nothing to do with the luxury or the extravagance of the rich, or with the drunkenness or improvidence of the poor; it has nothing to do with sun spots or any other nebulous theory. There is one, and only one, cause of high cost of living, and that cause is thrift. This can be easily proved, but considering the importance of the subject, I have made this proposition the basis of a whole lecture by itself which will be placed before the public in due time.

51. To sum up: Unemployment breeds unemployment.

The motive for keeping others out of employment has its roots in the instinct of individual thrift that was developed in pre-civilization times. It was a savage instinct, and, like fierceness in the struggle for life and sex, was a savage virtue. With the advent of civilization it was no longer needed, but like everything else it was allowed to stay. It opposed civilization in its infancy and has now become the source of the greatest dangers to modern civilized society; in fact, it threatens the very existence of civilization to-day. Transformation of thrift into unemployment was an inevitable step in the process of evolution. **Thrift alone without division of labor could not have given rise to unemployment.** Division of labor made the transformation possible; modern civilization, by carrying division of labor to the highest point of productive efficiency, has made the transformation inevitable. Thus we arrive at the following conclusions:

1. Unemployment in the final analysis is the result of the discordant combination of two conflicting and mutually exclusive ideals, **civilization** with division of labor based on mutual employment as a socializing ideal, and **individual thrift based on** mutual non-employment as an anti-social, individual ideal.

2. Unemployment causes further unemployment. **This is the theory of unemployment.**

52. The same conclusion, viz., that thrift is the cause of unemployment, can be directly deduced as a corollary from the theory of work. Work in any country at any time is made up of two factors:

Number of people x average need per head.

This quantity is the consuming function of a nation. The producing power of a nation is also made up of two factors:

Number of people x average ability per head.

(a) For equilibrium, the production and consumption must be equal. Hence we obtain the equation

population x average need
=population x average ability.

It will be seen that the factor **"population"** is common to both sides and cancels itself. It follows from this that industrial equilibrium is independent of population.

(b) Any permanent excess of consumption over production is obviously impossible, for nobody can consume what is **not** produced.

(c) In a society where division of labor is the established mode of production, excess of [30]**production** over consumption leads to unemployment. This excess may be brought about in two ways; first, by increase of ability **per head**—which means increased industry, and, second, by decrease of need **per head**—which means economy of consumption by practicing individual abstinence. The two together jointly constitute **individual thrift; therefore individual** [31]**thrift is the cause of unemployment.** Machinery is often referred to as a cause of unemployment. This is no doubt true; it is only a particular case of the general proposition that individual thrift is the cause of unemployment. Machinery is only human labor materialized in a specific form for the purpose of producing utimately, greatest possible produce with least possible labor. It is, to borrow a Marxian phrase, congealed thrift. But while it is true that machinery causes unemployment, it does not follow from it, that capitalistic ownership of machinery is also a cause of unemployment. I have already proved that it is not. On the contrary, it can be shown that capitalistic ownership, counteracts to certain extent, the unemployment caused by machinery. This point wil lbe discussed later. (See Lecture V, Capitalism: Profit System).

30. The excess of production or "over-production" as it is popularly called is only apparent. There is no real over-production worth mentioning. (See supra paragraph 48.)

31. "No one can sell unless some one else purchases. But no one is forthwith bound to purchase, because he has **just sold.** . . . . If the interval in time between the two complementary phases of the complete metamorphosis of a commodity becomes too great, if the split between the sale and the purchase, becomes too pronounced, the intimate connection between them, their oneness, asserts itself by producing—a crisis."—Marx: Capital Vol I, pages 127-128.

This is only the Marxian way of saying that if a man practices thrift,—if he earns money and does not spend it—he creates unemployment. See also Kautsky, Class Struggle, page 73. In Vol. II of Capital, Marx also propounded another theory of crises, viz., cyclic regeneration of implements of production. This theory has never been recognized even by the Socialists; it is therefore not necessary to discuss it here. (See Capital, Vol. II, page 211.)

53. Unemployment is the Devil's Workshop. Most of the social, religious, and political evils are manufactured in this workshop. It is unemployment that transforms a priest into a blackmailer and a temple into a market-place. Unemployment is at the root of the [32]wage-slavery of the workman and the profit-s'avery of the capitalist. It is the root of the modern class struggle between the Proletariat and the Barons of Industry. The sweat-shops and shark-dens are all founded on unemployment. It is responsible for women labor and child labor. It is responsible for all sorts of corruption: the buying and selling of votes in politics, the buying and selling of justice in the courts, buying and selling of salvation in the church, buying and selling of husbands and wives in social transactions. It is responsible for the Boer war in Africa, Russo-Japanese war in Asia, and embryonic [33]Anglo-German war in Europe. The advocates of thrift will have much to answer for when the time of reckoning comes. The phrase, "War is hell" has become a proverb; but what is thrift? It is economic war. It consists of industry and economy; according to the first requirements you try to take as **much employment from others as you can: this is industry.** With a system of division of labor such as we are living under, industry depends upon mutual employment. According to the second, your aim is to give the **least possible employment to others:** this is economy, which depends upon mutual non-employment. When everybody practices thrift it becomes a general economic warfare. Everybody wants work, but nobody wants to give work to others and nobody can hope to get it from another unless he can drive somebody into a corner and compel him to give it. A thrifty people is a people in a state of perpetual warfare. What is Hell? It is the Devil's Workshop. Thus we arrive at the conclusion that

32. Here and elsewhere I have used the word "wage-slavery" in its popular sense only. I mention this in anticipation of any apparent contradiction in the subsequent lectures wherein I hope to prove that there is no such thing as wage-slavery and that what we call "wage-slavery" is really an escape from slavery.

32. This was written in 1911 and published first in 1912.

"Thrift, alias Unemplyoment, is the Devil's workshop where-r the greatest of our modern social evils are forged. Take, for instance, one of the most painful ulcers at the heart of modern civilized society, the white slave. Every link of the cursed chain that binds the helpless and hopeless victims of this most disgraceful form of slavery is manufactured in "unemployment." It is despair of escape from **unemployment** that drives the victims to the traps, and to the subsequent slavery of the most degraded type. It is **unemployment** that drives the hunters of women to set the traps, in order to earn a living and to escape unemployment. **The evils of unemployment are often supposed to be well understood: they are not, they are scarcely beginning to be understood. When the full measure of the evil is understood and realized, no sacrifice will be regarded too great to stamp it out.**

UNEMPLOYMENT MUST BE DESTROYED.

34. "The identification of depression in trade with insufficient consumption, or excess thrift, is we venture to assert unassailable. . . . It means that the East-end problem with its concomitants of vice and misery, is traced to its economic cause, and that this economic **cause** is the most respectable and highly extolled virtue of **thrift.**"—Mummery and Hobson: "The Physiology of Industry.

The Rights of the Unemployed.

LECTURE II.

1. "Therefore all things whatsoever ye would that men should do to you, do ye even so to them; for this is the law and the prophets." —Matthew: VII-12.

2. "Be not deceived: God is not mocked; for whatsoever a man soweth, that he shall also reap."—Epistle to Galatians: VI-7.

54. In the first lecture I have shown:—

(a) That unemployment is not caused by insufficiency of work, over population, failure of natural resources, capitalistic monopoly of implements of work, or monopoly in ownership of land.

(b) That the immediate and prevailing cause of unemployment is a previous unemployment.

c) That anarchy of production is only an apparent phenomena which has no real existence; the apperance is caused by the unrecognized existence of anarchy of consumption. Anarchy of consumption is a possible but not a necessary cause of unemployment.

(d) That the ultimate cause of unemployment is the discordant combination of the two conflicting and mutually exclusive ideals; civilization with division of labor (based on mutual employment) as a social ideal; and thrift (based on mutual unemployment) as an individual ideal.

With these theoretical premises to start with we are now in a position to formulate at least a plausible remedy for unemployment.

55. It is easy to see that any solution by way of restricting immigration, or by increasing efficiency of the less efficient workers is impossible. That such impossible solutions should have been seriously suggested might seem a matter of surprise if we had never heard of men spending their lives in achieving perpetual motion. Their zeal is commendable, but zeal alone cannot transmute unscientific nonsense into scientific truth. The same remark applies to other fall-

acies, such as those based on ownership of land or capital. The last mentioned method may have the effect of diminishing the extent and mitigating the rigours of unemployment for a time, but the relief will be of short duration. The small amount of unemployment left over will act as a new centre of disease, and from this spot, unemployment will begin to grow again so that in a few years things will be as bad as they are to-day, for the simple reason that the real cause of unemployment will have been left untouched and unsuspected; untouched because unsuspected.

56. Unemployment creates further unemployment which creates still more unemployment and so on without end. Any partial solution of the problem must therefore, necessarily fail. A complete solution is the only legitimate solution. Any other solution is as good as none at all; for, given a small amount of unemployment, however diminutive at first, general unemployment is but a short step. The amount of time necessary for the full development of the evil being dependent upon the phase of civilization reached by the people at that time. In a country like the United States, if 99 per cent. of the unemployed were put to work to-day, leaving but 1 per cent. unemployed against their will, this 1 per cent. will rapidly create more unemployment and within 10 years the nation will be in exactly the same condition as it is to-day. **A complete solution is the only possible solution.** That is, if the theory of the causes of unemployment be true. But none of the existing schools of philosophy have yet felt the need of a complete and radical change in this respect. The solution, whatever it be, must be of a permanent standing character, operative at all time; we cannot, for example, relieve all the unemployed in existence for the time, consider the problem as solved and rest on our oars. For, in any **free** society, anarchy of consumption will and must always exist. This is a permanent cause of unemployment, which cannot be counteracted, and therefore in this case unemployment cannot be prevented at the source. We can only remedy the evil as fast as it is created, but this could be done only if the solution is of a permanent standing character.

57. The ultimate cause of unemployment is the combination of division of labor and thrift. Here is where we

should look for the correct solution. It is not possible, nor is it necessary to give up division of labor; division of labor alone by itself is not the cause of unemployment. Similarly, it is neither possible nor necessary to abandon thrift; thrift alone could not and did not create unemployment. It is the combination of the two, or rather the discordant character of these two conflicting ideals, that is responsible for the evil. It is not necessary to abandon either of them to remedy unemployment. We must modify the character of the combination: that is all. Division of labor is a social ideal and thrift, in its present form, is an individual ideal. The contradictory character of the two ideals is the source of the trouble. Of these two, division of labor must be left as it is, for by its nature it is social, and it cannot be changed to anything else. Thus after eliminating all other alternatives, we find only one alternative available, viz., to change the character of thrift from individual to social. This then must be the solution and very probably the only practicable solution, that is if there is any solution at all, assuming of course, that the theory of unemployment formulated above be true. Is such a change possible, and is it practicable? Collective thrift in place of individual thrift; can that be done?

58. It certainly is not impossible, for we are doing it in some of our affairs to-day. Our life insurance, fire insurance and all other insurance schemes are living examples of the practicability of collective thrift. Why could we not extend the principle to unemployment insurance? Why could not members of society **save for a common future need, instead of each individual trying to save for his personal need?** There is one serious objection to this method. In the case of insuring houses against fire, those who need insurance most, are also best able to pay for the protection, while those who are unable to pay have no houses to insure and therefore do not have to pay. Hence the system adjusts itself automatically to the needs of society. But in the case of unemployment it is exactly the reverse; those who need the insurance most are the least able to pay for it, while those who are best able to pay need it the least. Collective thrift for insurance against unemployment is not a self-adjusting machine. It must therefore; be controlled, regulated and maintained artificially, ex-

actly as we do in other similar cases. Our judicial system is a collective insurance against injustice, (sometimes it is merely a farce and a caricature, but for the purpose of our present analysis it is not necessary to refer to the weak spots of the system). The judicial system is, as I have said, an insurance, but it is not run on commercial lines as in the case of fire insurance. The man who pays the most does not get the best out of it; at least that is the presumption. Imagine what kind of justice we would have in a society, where justice is manipulated along commercial lines, and where the quantity and quality of the justice delivered is proportional to the price demanded and paid, or demanded and not paid! Justice, as the product of our courts is a case of compulsory collectivism on strictly communistic lines; each individual being compelled to pay according to his ability and allowed to receive according to his need. The scheme for insurance against unemployment must be worked out on the same basis. **It must be a compulsory insurance wherein each member of society will have to pay according to his ability to pay, and each member will receive as much employment as he needs or desires, and of the kind that he desires and is qualified for.** This is the conclusion we have arrived at as the result of the theory of unemployment, and it remains now only to formulate a practicable scheme wherein these principles may be incorporated. Incidentally, we will also have to investigate the claims of the unemployed. Is the claim of a man to get a job in any way analogous to his right to get justice in the courts of [1]judicature? On the answer of this question will depend the ethical merit of the scheme.

59. The scheme of reform that I intend to propose tentatively is the **Guaranteed Employment Scheme.** It consists of:

(1) The formation of a department of state: **The Guaranteed Employment Bureau.** This bureau will give to any person willing to work, on receiving his application, real or nominal employment, according to his **trade, profession or attainment.** The salary will commence from the date of receiving the application.

(2) The employment will not depend on whether or not there is available work. Work or no work; every applicant

1. See infra, paragraph 93.

will receive employment upon receipt of his application. If there be work, he will have to do it. If not, he will still get his regular wages and will be expected to hold himself in readiness for work whenever there is work to be done.

(3) If the bureau can find work enough to keep the whole force profitably employed, the bureau will be self supporting. But if there be no work for the whole or even for a part of the force employed, the corresponding wages will be a loss to the state. This loss will be made up by adequate and equitable taxes assessed for the purpose.

(4) These taxes (called the Guaranteed Employment Fund) will consist of:

(a) Foreign import duties and patent fees.

(b) Income tax on wages of wage earner. (Note: For purposes of taxation, a minimum amount of **living expense will de deducted** from the wages before calculation of assessment).

(c) Income tax on rents, profits and interest. (Note: Profits and dividends, if reinvested will be exempt from tax for this purpose.)

(d) Taxes on increments of values of land, and other natural resources.

(5) The working details of the scheme will be drawn up by a properly constituted committee and will be revised from time to time as necessary.

60. At first sight this scheme appears to be absurd, unjust and impracticable. I have discussed it with my friends and acquaintances here and elsewhere, and such has been invariably the first criticism. But after arguing my case for some time I have always succeeded in obtaining a complete or nearly complete approval. I therefore feel encouraged to place this scheme before the citizens of the United States of America with a view to give it a practical trial. I believe that the citizen of the United States may be trusted to do it such justice as it deserves. But before dealing with the merits of the scheme I must answer the objections against it.

61. The scheme is said to be "absurd." It is not absurd; it cannot be absurd as it is the logical and necessary outcome of the theory of unemployment. If the theory be right, the scheme cannot be wrong. It seems that when people say "ab-

surd" they do not mean absurd in the logical sense, but merely something strange unheard of or unusual. There is really no need of arguing over so hazy and unintelligible an objection. Nevertheless, to do full justice to this objection, I must frankly admit that the scheme appears very unlike the other schemes that have been proposed from time to time in the past. It does not sound heroic for there is no mention of "sabotage," confiscation or class struggle, no thunderous denunciation of "malefactors of great wealth." It promises to better the condition of the already over-taxed workers by adding to the burden of their taxes. It promises to inaugurate economic equality by making the sky-high profits of the rich exempt from taxation. It should not be surprising if at first the proposition should be pronounced absurd. My duty is to prevent its being killed by popular prejudice without a trial before the tribunal of scientific reasoning.

62. Every new scheme has had to face that self-same danger. Many of the greatest achievements in history and science were at first ruled out as being absurd. The areoplane, the telephone, and the photograph were all "absurd." When M. Lesseps proposed the construction of the Suez Canal his scheme was called absurd. When Westinghouse endeavored to market the air-brake he was laughed at for the "absurd" idea of stopping a railway train in full speed by blowing a few puffs of vacuum! It is the same story once more; the new scheme is always absurd. In the fifteenth century Columbus discovered America. The discovery of America was of course an accident, for nobody knew before, that this continent was here. Columbus was trying to reach India by travelling westward. Everybody said that the scheme was absurd. India is to the East of Europe, so how could it be reached by going West! To the people who knew nothing of theory the world was flat because it appeared flat. If the earth were flat as they supposed it to be, an eastern country could not be reached by going west. To be sure the scheme was absurd! To Columbus who had given more attention to theory, the world was round and the success of his scheme was assured even before it was attempted.

63. If the theory of unemployment thus far expounded be correct, then it must be admitted that the solution of the

problem under discussion is not only a solution, but it is the only correct solution. If, on the contrary the theory be wrong, then the whole solution goes overboard and there will be no further need to discuss it. The question of absurdity or validity of the solution is therefore not a legitimate question until the validity of the theory is either proved or disapproved. The theory is at all times open to criticism and revision. In the mean time while the theory remains unchallenged we shall have to proceed on the supposition that it is valid, and therefore that the solution indicated by the theory is not absurd. It must be understood that this conclusion refers to the general nature of the solution, but not to details. From his theory Columbus inferred that it was possible to reach India by sailing westward, but that theory did not tell him what kind of a ship he should sail in, how it should be provisioned or what was the best season to start the voyage. Neither did it give him any indication of the unexpected difficulties that might stand in his way and block his passage to India by the western route as the subsequently discovered continent of America ultimately did. Questions of details require separate study.

64. The scheme is said to be **unjust. "Is it not unjust,"** says the wage earner, **"to make a working man pay a part of his hard earned income to another man for doing nothing?"** Before answering this objection I must protest against the words in which the objection is expressed. I take objection to the words **"for doing nothing."** This is generally the first objection. If a man is to be paid for doing nothing, the payment must stop whenever he begins to work! Money paid for doing nothing is blackmail. The Guaranteed Employment scheme is not a blackmailing scheme. According to the scheme nobody would be paid for doing nothing. The employees of the Guaranteed Employment Bureau are to be paid as a compensation for **your inability** to employ them, profitably or otherwise. It is like paying the wages of your standing army in time of peace. They are employed for the purpose of fighting and paid for the fighting they do during a war. But they are also paid year after year, even in time of peace, merely to keep themselves in readiness for fighting when the occasion and the need arrives. Here is a working

man out of work today; he was wanted yesterday for work, and he might be wanted to-morrow, but he is not wanted to-day, and so you think you may leave him to starve to death in the meantime. Is this not an extremely short sighted policy? What if the United States Government followed a similar policy and disbanded its army and navy during periods of peace? The men who are out of work to-day have to be maintained like your army and navy at your cost to-day in view of their services being needed by you in future.

65. But this is only a side issue. The main question refers to the justice of the scheme. It is evident that the word "just" with reference to the objection under discussion means "just" according to the abstract universal, moral standard recognized by all men in all countries at all times, and not according to some particular legal conventional standard, current in any particular country at any particular time. Jacob buys the whole birthright from his starving brother for a dish of soup. The transaction is generally regarded as morally unjust, though it was and still is, in most countries legally just. If my opponent had meant that my Guaranteed Employment scheme is unjust in the sense of being incompatible with the existing laws of this country, I would not care to waste words in refuting it. But when he claims that the scheme is morally unjust, he deserves to be treated with greater respect, and for this reason I have taken up this objection before all others.

66. Now suppose I were to show you that you—I mean society—have done something to put some men out of work for the sake of some benefit which society has obtained thereby, would it not be clear justice on the part of society to put them to employment again? Suppose I were to show further that these unemployed persons have given, and are still giving you the employment on which your livelihood and your prosperity depends, would it not be the height of injustice and tyranny to deny them an equivalent of what you have received from them? Take for instance, the patent laws. What is a patent? It is a reward given by society to an inventor. Everybody knows that modern unemployment is to a large extent due to inventions. In uncivilized countries there are no inventions or labor saving devices and there is compara-

tively no unemployment. Most of the inventions are labor saving devices, and must necessarily put some labor out of employment. These inventions on account of reduced cost of production and consequent cheaper prices, induce an increased demand, and take back part of the labor to meet it; but the increase of work in this way cannot keep pace with the ever increasing power of invention to displace labor, and in the course of time unemployment of a part of the population becomes an established condition of society. I have no quarrel with the inventors. Most of inventions have been a blessing to society, generally, but this is no reason for ignoring the harm that is done to some people on that account. On the contrary, in proportion to the great benefits of the invention to society in general, **the duty to compensate the few victims of invention becomes all the more binding, I mean morally binding.**

67. But the claim of the unemployed is even stronger. The patent is a tax on society for the purpose of rewarding the inventor. The unemployed are required to bear their share of the tax. They are called upon to give their moral and legal support to reward the inventor, and to pay for his service which has thrown them out of employment, and yet his claim for compensation is regarded as unjust. I have no grudge against the patent law. I have referred to it merely as an illustration of how the laws of the country are responsible for unemployment and how the society is, on that account, morally responsible to compensate the unemployed. In fact the very constitution of the United States makes for unemployment. According to the constitution of the United States it is not allowable for the government to levy income tax, except with certain limitations. An income tax is not strictly unconstitutional but the limitations are such as to make it practically unconstitutional. No government can exist without some kind of a tax and a man can pay a tax only out of what he has earned, so that every tax is in one sense an income tax. But what the constitution means is that the amount of tax shall have no direct reference to the amount of income. What then is the basis of taxation? A man's income is divided into two parts, one part is laid aside as saving and the other

part is spent for something. Most of the taxes in this country are taxes on what a man spends for. Every dollar spent is spent employing others. There is no other way of spending money. Thus we arrive at the conclusion that according to the constitution of the United States, employment is taxed, and that most of the tax is a tax on employment. The people of this country are a free people and they have the right to adopt what constitution they choose, but if they choose to tax employment of productive labor as if it were something highly undesirable, they ought not to be surprised at the consequence of that policy; they might as well tax education, truthfulness and benevolence, and then puzzle themselves out of their wits to discover why the people become stupid, dishonest and avaricious. The constitution is responsible for unemployment and the society that has adopted the constitution and stands by it is morally bound to compensate the unemployed.

68. I have not finished with this argument, Mr. Wage-earner; the unemployment problem has yet a stronger hold on you. You have questioned the justice of making you pay a part of **your hard-earned income** for the benefit of the unemployed. **Your income!** How did you earn your income? You say you are employed by a railroad company. You do work on the road and get your wages. Have you ever tried to figure out how you ever got your employment? You say the railroad company is your employer and that the superintendent of your department employed you. You are wrong, sir. The railroad company is only a sort of middleman between you and your employer, your real employer being the passenger who rides inside the car. He is your employer and he pays you your wages. The railroad company acting like an employment bureau, bring the employer and employe together and receive by way of profit their wages, for this service rendered you both. No single passenger can be said to be your employer. But every passenger has contributed to give you your present employment. You too in turn are an employer of thousands of people in several ways. The unemployed even while they cannot earn have yet to spend. They have to eat something, drink something, wear something, and live some-

where. They pay for all these things and are therefore part employers to thousands of people. You Mr. Wage-earner as a worker on the railroad have received a part of your employment from the unemployed. For many of the things he uses are carried to him by the railroad for which he has paid the freight and out of this you have received your wages. Is he not entitled to his share of employment from you, when you have received your share of employment from him? True, he cannot compel you to repay the debt, but that is a defect of the law. There was a time when there were no patent laws and genius could be easily robbed of its due. If the law does not compel you to repay the employment you have received and are still receiving from others, the law must be altered and made to conform with the moral standard of justice. On you Mr. Wage-earner, and on your class, therefore, rests the moral responsibility for the relief of the unemployed. You and your class must therefore carry the whole burden of relieving the unemployed, **the financial burden being one of the burdens, that wage earners must assume.** The unemployed have the best possible moral claim to be employed by society and there is nothing unjust in their demands. It is your refusal to employ them that is unjust.

69. And you are being rightly served for your injustice and ingratitude. What you call the modern wage-slavery, is only a result of this grave injustice. The Socialists attribute wage-slavery to the greed of the capitalist, but I have never been able to follow their arguments and accept their conclusions. On the contrary, the greed of the capitalist is as far as I can see the result of this primary injustice, and as long as the injustice lasts, no labor laws nor anti-trust laws can remedy the evil. On the contrary the moment you start giving employment to those who need it and who are morally entitled to it, the whole of the capitalistic edifice will begin to disintegrate and crumble away, and what is more important, **the capitalist will no longer fight for saving the wreck.** For before long he will cease to possess—or rather cease to be possessed by—the motive that actuates him at present, and he will have discovered and in fact realized by partial experience that his best interests lie in permitting the industry

to pass into the hands of [2]society. There will be no need for anti-trust laws and labor laws. The trust will have ceased to exist for want of motive, and the condition of labor will leave no occasion for enacting any labor laws.

70. The opponents of the Guaranteed Employment scheme have one more defense along the same line, viz; that the scheme is unjust. Nobody as far as I know has yet raised the objection I am going to consider next,—no human being could have the coolness to say it openly, whatever one may feel whispering on the wrong side of his heart. But it is a possible objection, one which his Infernal Majesty is sure to urge in defense of his workshop, and it is therefore necessary for me to act as a Devil's advocate in order to offer the objection in its most advantageous and apparently unassailable form.

71. "No person," says the Devil's advocate, "is compelled to give work or employment to another person if he does not wish to." The acceptance of another man's work under division of labor is always by the giver's free will, never by compulsion. No man is compelled to ride a car if he chooses to walk. Nobody is compelled to buy a piece of bread and thereby give employment to the farmer and baker, if he chooses to remain hungry, even to the point of starving himself to death. If Miss Mule be starving it might be an act of kindness to employ her, but kindness is no duty; she has no claim to be employed either against the individual or against the society as a whole. It is certainly true that even in her extreme destitution during a period of unemployment she became an employer and has given some employment to the farmer,

2. "There is one **problem above all others**, with which the proletariat regime must **primarily** occupy itself. It will in all cases be compelled to solve the question of the **relief of the unemployed** . . . . . An actually effective maintenance of all the unemployed must completely alter the relative strength of the proletariat and capitalist. . . . . once things have gone thus far the employer would be beaten in every conflict (i. e. if there still remains a conflict; Analyticus) with his employees. . . . . once the capitalist recognized, however, that they had the right only to bear only the risk and burdens of capitalist business, these men would be the very first ones to renounce further extension of capitalist production and to demand that their undertakings be purchased because they could no longer carry them on with any advantage."—Kautsky: Social Revolution, page 113.

the baker, and a host of other workers in several trades, but she has done it freely and of her own accord, for the gratification of her own desires and without any coercion. She may withhold employment if she likes and as long as she likes, and we will not compel her to do so much as to eat one morsel of bread to save her life. We do not compel her to employ anybody and we will not permit others to compel us to employ her.

72. I hope I have stated my adversary's case as fairly, clearly, and completely as could be expected from the Devil's advocate. And now for the reply. Mr. Advocate, you **do** compel Miss Mule to be an employer whether she wishes or not. I do not use the word compel in any metaphorical sense; in the sense in which women and children are compelled to work in factories doing heavy work for long hours on low wages, in the sense in which the strikers are often compelled to return to the mills, if the mill owners do not climb down or are rather compelled to climb down in the meantime. For compulsion by hunger or through fear of unemployment is a compulsion of different type and I know you will argue that you did not give hunger to Miss Mule, or create in her the instinct of preferring to save her life at the cost of her liberty, or her savings, or may be her honor too. Whoever gave her life, or instinct, ought to have made adequate provision for her; if he did not it is his fault, not yours, and you ought not to be made to pay for it. But I do not give you a chance to hide behind this defense. I am not using the word "compel" in any metaphorical sense; when I say "compel" I mean **"compel" by direct legislative and executive compulsion,** with the force of the whole society organized for that compulsion.

73. To begin with, who pays your police and your magistrates, your mayors and your governors, your president and his staff, your army and your navy? Every man and woman in the United States pay their wages, and what is more important for our present argument, is compelled to pay. Even poor Miss Mule on the verge of starvation has to pay her share of the wages of these government employees before she can taste one mouthful of bread or teaspoonful of tea. A newspaper reporter gives her a dime to buy her breakfast; out of this she is compelled to give half a dime to pay the wages of

the government employees before she is allowed to buy bread with the other half dime. The farmer who raised the wheat had to pay the land revenue tax. The miller who makes the flour had to pay the building tax and machinery tax. The railroad company, the baker, the store-keeper, and the proprietor of the restaurant had all to pay one or more taxes. All these taxes are ultimately included in the price of the bread. Nobody can buy a piece of bread without paying his share of the taxes at the same time. Miss Mule is "compelled" to pay the wages of the farmer, baker, and the railroad company only in a metaphorical sense, but she is "compelled" to pay her share of of the taxes in a literal sense. She is compelled to be an employer of the whole society as represented by the government, and to pay the wages of the government. "But," you might say, "you do it for the protection of life and property; her life and property, too, along with that of all others." Maybe you do it with the best possible intentions and I will not question your motives, but how do you know that she wants it? It might be wiser at times for a man to ride a car, rather than to walk a mile or two through snow on a windy day; but would you allow the railway company to compel a man to ride a car and pay his fare, or rather to pay his fare first and then to let them ride the car if he needs and cares to do it. Yet this is what you are doing to Miss Mule today. You compel her to pay for protection of property without waiting to see if she has any property to protect, or if she thinks it worth protecting. Apart from employment she is **compelled** to give **voluntarily** to several workmen in different trades; you compel her to employ the civil and military officers and to pay the wages. But when she complains that the bargain is one-sided, forced and unfair, and demands employment in return for what you have taken from her you turn round and say **you never compelled anybody.** Mr. Advocate, are **you** sure that **you are speaking the truth?** I say that every citizen in the United States is compelled to pay his share of the tax; I say that this money raised by taxation is used in paying the wages of the government which represents the society as a whole; I say that every individual is thus **compelled** to be an employer of society; and therefore I say by way of conclusion that every individual has a moral right to obtain in return,

employment from society as a whole or from its representative, the government. I challenge you, Mr. Devil's Advocate, to contradict me on one of these points if you can.

74. No taxation without representation. This principle is accepted as an axiom by all civilized people—except of course where a civilized race has the ambition to hold another uncivilized, semi-civilized or decivilized race in endless servitude. Taxation without representation is slavery. For slavery has generally been defined as compulsion to give a part of one's work, or its equivalent, without the giver's consent, and taxation is a compulsion to give the equivalent of a part of one's work. Taxation without representation is a taxation without consent and is therefore a form of slavery, whatever the purpose of the taxation might be. In a society, organized politically, and therefore having some form of government, involuntary unemployment, or even the prospect of such unemployment, constitutes a form of slavery, for, if taxation without representation is slavery, so is taxation without guaranteed employment and for similar reasons; all civilized people in general and the liberty loving citizens of the republic of the United States ought to be ashamed of its existence; if they are not it is not my fault; I have done all I could to awaken their conscience.

75. But taxation is not the only method of compelling the unemployed to be employers of others. The standard of civilization which we pretend to adopt and compel other members of society to adopt is another method of compelling the unemployed to be employers. If Miss Mule were an Abyssinian, a Zulu or Hotentot woman and if she had no money to spare, she might have preferred to go about without clothes and nobody would have thought of preventing her. But she is an American woman, a member of a civilized society in a civilized country. If she is without employment and has to go without food it does not concern us, but if on that account she tries to economize what little savings she has and goes out in search of work like an African woman without any clothes we think we have a right, as a civilized society, to arrest her and send her to prison. As a civilized society we have the right to compel her to employ the cotton and wool merchant, weaver, and clothier, but we ignore her right to de-

mand employment from society. So that we have here one-sided rights and duties. In a civil society the right as well as duties must be mutual and well balanced. **One-sided rights and duties constitute slavery.** In an African savage society Miss Mule could have no rights but she would have no corresponding duties either, and she would have been enjoying a state of savage liberty. But here in civilized New York she has a duty toward society of being properly dressed, but she has no corresponding rights to demand the means of obtaining the dress. She has duties without rights, society has towards her rights without duties. In other words she is a slave, and she is a slave because we insist on enforcing a certain standard of civilization. Civilization without an adequate provision for guaranteed employment is slavery. Mr. Devil's Advocate, I challenge you once more to answer this charge if you can.

76. We are not quite through with this argument as yet. Let us give the opponent every possible line of defense. If there is anything that can be said in defense of the wage-earner's right to hold fast what he has,—anything against a tax for the relief of the unemployed, let us have it. He shall have no excuse. The unemployed as consumers, give employment to the workers, and are therefore entitled to receive employment in return; that was our argument. "But," asks the opponent, "how does he give the employment? Where does he pay the wages from? In order to give he must have first received; in order to spend he must have earned. When the unemployed worker buys a piece of bread, and pays for it, he does not create a new obligation. He only returns what he has received. With his last penny he squares account. Unless he gives more than he has received, he has no claim—nobody owes him anything. If you take one single operation, such as buying a piece of bread he seems to give employment to others, but if you take into consideration the whole life, you will see that he does nothing of the kind; he simply returns the employment that he previously received! He has therefore no right to demand employment from others; nobody owes him any employment. If they employ him it is their own concern; there is no obligation.

77. There is no doubt that the argument in this form

has considerable force. Whether the conclusion, viz., that the "unemployed have no claim," be valid or not, the general principle underlying the argument is certainly valid. We cannot determine a person's claims or liabilities from one single transaction; we must add together, all assets, all claims, all liabilities, and strike the balance. We must consider all the transactions as part of one complete transaction, and consider the problem as a whole. This is what is known as a dialectic method—the method that in Socialist literature made Hegel famous. This method consists of studying a process or a phenomenon as a whole instead breaking it up into parts and studying each part separately without reference to other parts. This latter method of studying a phenomenon in separate, and isolated parts, without their relation to each other or to the whole, is called the [3]metaphysical method. As an illustration of this method, suppose we study the French Revolution in this way; we study first the work of D'alembert, then the works of Voltaire and Rousseau. Then an account of the "gabelle," then the fall of Bastille and so on until we reach Boneparte's coronation. We should then have gone through the whole history of the revolution, and yet see no revolution anywhere. It is this sort of study of isolated facts which prevents the economists of older schools seeing the revolutionary nature of capitalism. It is the same mistake again which the Socialists are making in their turn regarding the nature of capitalism. They look at capitalism as an isolated phenomenon, without its relation to all other phenomena, and arrive at the absurd conclusion that it has "outlived its historic function!" The only scientific way to study a phenomenon is to study it as a whole. This does not mean that we should not analyse. In philosophy as in science analysis is the only practical method of studying complex phenomena; the dilectic method is not opposed to the analytical. The dialectic method requires us to study the whole phenomena, either as a whole, if we can, or analysed into parts to facilitate study, but not the study of only one part, to the

3. The term "dilectic" and "metaphysical" are both incorrect. It is unfortunate that they have gained a prominent place in Socialist literature. If I were free to introduce substitutes I should use the terms "systemic" and "isolation" methods respectively.

entire exclusion of other parts. In the analytical method while the phenomenon is divided into parts, for convenience, no part is regarded as isolated; each part is always maintained in its proper relation to all other parts.

78. Let us now follow up the question of the rights of unemployed, considering the phenomenon as a whole. Let us consider production as a whole, the producers as a whole,—of which individual workers are parts, consumers as a whole,—of which the individuals are parts. The rights of individuals arise out of their relation to society as a whole just as the weight of anybody is the aggregate result of the separate gravitational forces between it any every other body. Let us consider "market" as a whole—the storehouse of the produce of human labor held in store for human consumption. Every individual who earns a dollar throws a dollar's worth of produce, or service, into the market. No matter who the producer is, the economic law is always the same. The laborer throws in a dollar's worth of ditch, and the President of the United States throws in a dollar's worth of statesmanship. The policeman throws in a dollar's worth of public protection, i. e., protection of the public who hire him, and the New York gunman throws in a dollar's worth of private protection to the individuals who hire him. The minister in the pulpit throws in a dollar's worth of blessings of the world above for those who are looking for it, and the scarlet woman throws in dollar's worth of pleasure of the world below for those who prefer it. The teacher throws in a dollar's worth of intelligence. The saloonkeeper throws in a dollar's worth of unintelligent recreation. In all cases they receive employment from the "market" and wages for the service they rendered to the "market." Every time a man spends a dollar he throws the dollar back into the market and receives a dollar's worth of service or commodities. He employs the "market," the employment being distributed among the individuals who constitute the market.

79. A person who earns a dollar and spends 80c receives a dollar's worth of employment and returns 80c worth of it. He withholds 20c worth of opportunity to work and earn wages. In other words he is a robber to that extent—I mean a robber of opportunity. We do not know whom he robs—

he does not know that himself, but we know that he robs somebody. It is like a man who throws a bomb in a crowd; he does not know whom he is going to strike; he may now know it even after he has struck, but he must know that he has injured somebody. This bomb does not hurt everybody, it hurts a few, the majority escape. The unemplyoment created by one man's savi ng hurts only a few who remain unemployed, the others escape; but the fear of being struck any minute, and the consequent panic, hurts all alike.

80. We have seen, by treating the economic process as a whole, that the man who saves causes unemployment and robs the unemployed of opportunity to work and earn. The unemployed have therefore a moral right to compensation. This answers the objection but it will probably not satisfy the questioner; he will be silenced but not convinced. We have evidently overlooked something. What is it? The unemployed person in buying bread spends what he had earned. That was the starting point of the objection. If he spends what he previously earned he returns the opportunity to work that he got from the "market" in the first place. The accounts are squared; there is no robbery. That was the objection to our line of reasoning.

81. "The person spends what has previously earned;" is that always true? We know it is not true. If a man could live only on his earning, he would be starved as soon as his earnings are spent. If every unemployed died so fast the fear of unemployment would be so great that society could not tolerate it for one month. As a general rule the unemployed succeed in borrowing from friends or friendly strangers. They hope to pay by their future earnings, by opportunities which they expect in the near future; they spend the borrowed money, and give opportunity to work to others, expecting to receive equal opportunity for themselves in return. If they do not receive back that opportunity they are robbed. Those who lend the money are also robbed, but they are robbed of money, when it is not returned; we are not discussing robbery of money; we are discussing the robbery of opportunity to work, so we will leave that out of consideration. The unemployed in spending money give employment to others of

which they themselves are robbed, by those who ultimately receive that opportunity and do not return it. I think this is clear enough to convince the opponent.

82. The Guaranteed Employment scheme unjust! On the contrary it is the absence of guaranteed employment that is unjust. Every civilized society is **pledged** to give employment to every individual who needs it. In a civilized society no person is allowed to commit suicide. Various reasons are put forward in support of this law. These reasons might be good or they might not be, but if they are good enough to justify our interference with suicides, they are equally good as pledges for guaranteed employment.

83. First among these for example is the argument that this country is a Christian country and its laws are based on the teachings of Christ. Suicide is an unchristian act and cannot be allowed by the laws. The argument is of very doubtful validity for this country is not a christian country in the same sense in which Spain was a christian country in the past and Turkey is a Mohammedan country to-day. It is not a christian country even in the sense in which England is a christian country to-day. Secondly, prevention of suicide by compulsary legislation has as little to do with the teachings of Christ as the semi-idolatrous celebrations of "Tabuts" have to do with the teachings of Mohammed. But assuming for the sake of argument the validity of the reasons given above, assuming that this country in regarding itself a christian country is pledged to have its laws in conformity with the teachings of Christ, it follows that it is pledged to make adequate provision for the unemployed. For equal in importance to the duty of obeying the ten commandments is the duty to provide for those who have not. It is the most imperative of all christian duties. It shows itself like a water-mark through every page of the Gospels. It is the very essence of christianity; outside that there is no christianity whatever. The Hon. Mr. Dives may attend the church every Sunday with a spotless white collar and the most attractive necktie, he may eat the choicest turkey on Christmas day. But he is no christian as long as Lazarus is starving outside the gate. The people of the United States may repudiate christianity if they do not care for it, but they cannot claim to be christians so long as there

is one single person in the States, in want of food, or clothes, or house. "All things whatsoever ye would that men should do to you, do ye even so to them. For this is the law and the prophets." This and this alone is christianity. Show me the man willing to work, able to work, and yet who does not wish other men should give him an opportunity to work to earn an honest living! No man who claims to be christian can be consistently opposed to the payment of a tax, that will give to others what he is equally anxious to receive from others. The plea of christianity carries with it a pledge for a system of guaranteed employment; the two things are inseparable. A man may not even believe in the existence of God or Jesus and yet be a christian in the true sense of the term, at least so says the Bible. But no opponent of the guaranteed employment bureau, whose opposition is based on a pretext of its not being an imperative duty, can be a christian. I call upon every preacher and interpreter of the scriptures; priest, parson or rabbi, to support me if I am right, or to contradict me with chapter and verse if I am wrong. I maintain that a nation, that presumes to prevent a suicide by reason of its professed christianity, is thereby pledged to provide guaranteed employment, and I want to be contradicted if I am wrong.

84. Another plea for prevention of suicide is, that a man has no right to destroy his own life. I will not question the truth of this hypothesis. I have only to ask you a counter question. Who gave you the right to interfere with me if I choose to hang myself? No man has a right to ride a car without paying the fare, but if a man rides a car without paying, and if the railway company or the car conductor who represents them for the time, does not choose to enforce their rights will you interfere and put the man out? No man in this country has a right to have two wives, but if somebody breaks the law and the government of this country for some good reasons connive at the act, would it be right for the Mikado of Japan or the Sultan of Turkey to send their police to this country to arrest the man, and punish him for bigamy? I might or might not have the right to hang myself, but I want to know how you got the right to interfere. If I try to murder another man and you, or the police who work for you, try to interfere; I can understand your conduct. You argue

that you have accepted from him by way of [4]tax the wages for protecting him from a murderous attack, and that in return for these wages you are pledged to protect him and to provide in anticipation the best means of protecting him. You profess to be the keeper of his life and you claim the right to interfere. But are you the keeper of my life also? If not, why do you interfere? If you are, you are pledged to make adequate provision for the safety of what has been trusted to your keeping. You have no right to prevent suicide without a provision for those whom you compel to live. In compelling a man to live you are pledged to provide a guaranteed employment.

85. Compulsion to live without a guaranteed provision is absurd. Imagine a man tossed into a car in which all the seats are occupied or reserved. Many seats are apparently vacant but every one of them is reserved. There is no place for him. He asks the men to do something for him but nobody can do anything. The man's coming there was a mistake, but none of the passengers had brought him there, it is not their fault, and they are not responsible for providing him with a seat. He is not wanted and he can't get a seat unless somebody wants him. This is the only thing they have to say. One of the passengers seems to be leader and spokesman, evidently he is their best sample of clear head and undefiled heart. Our seatless passenger turns to him for a solution of the difficulty. "I am willing," he says, "to pay for my seat but there is none available and you know that I cannot remain like this, without a seat very long; what am I to do?" [5]"God knows," says the spokesman, the leader of the passengers; "I don't." Seeing that there is no further hope the man thinks of leaving the car by jumping out of the window, for he discovers that he cannot retrace his steps and go back the

4. This is not my conception of tax; at this stage I am only following the popular conception. The theory and principles of taxation as I understand will be discussed in a separate lecture; in the meantime I am content to follow the popular conception when I can, modifying it a little where I must.

5. In a meeting in the Cooper Union ex-President Taft, then a candidate for the Presidency, was asked, "What a man was to do, who being out of work, and able to work, could find no work." **"God knows," said Mr. Taft, "I don't."**

way he came in. "Gentlemen," he says, "I am sorry for having troubled you, but I did not come here of my own account—in fact I have no idea as to how I came here at all. It was somebody's mistake, but since you say it was not your mistake, I will not compel you to give me a seat, and now by your leave I will [6]jump out of the window and leave you free to enjoy your seats." "No!" the passengers cry aloud with one voice, "we will not let you go." "There is no place for you here, so you cannot stay; that is evident, but we are good people and we will not let you go, and yet, for want of a seat it seems that you will have to go after all!" This is what we are doing to our unemployed to-day. We will not let them stay—they are not wanted—and we will not let them go; we are too good to allow it. How are we to get out of this muddle? "God knows, I don't."

86. In fact civilization is itself a pledge for guaranteed employment. Without such a guarantee there can be no civilization, just as without a guarantee for enforcement of laws there can be no government. Civilization is the formation of a civil society, that is, a society the members of which are possessors of civil rights and are under obligation

6. The following extract from a newspaper is a sample of the hundred that challenge the reader of newspapers:

JOB GONE, GIRL LEAPS TO DEATH.

Jumps From Third Story of Troy Rooming House After Standing Heedless of Cries From Street.

"Heedless of cries from street, Helen Leroux, of Fitchburg, Mass., about seventeen years of age, leaped from the third story of the rooming house at 55 Fourth Street, Troy, early last night and is in Samaritan hospital, with no chance of recovery. The girl had been in the city about four months and had been employed by the Watervliet Chemical Company, Federal Street and Bridge Avenue. Monday afternoon she was taken suddenly ill while at work and was sent to the Samaritan hospital but was discharged that night. It was said that when she reported for work yesterday she was dismissed. She then went to her room and remained there all day. A little after 6:00 o'clock last night pedestrians in Fourth Street saw the girl climb out upon the coping on the third floor of the rooming house conducted by Mrs. Katherine Bowden. She stood there fully three minutes, not heeding the cries of the people below her. A man, who lives in the first floor, dashed to the girl's room and was reaching out of a window to seize her when she jumped. She landed head first on the stone flagging. Her skull is fractured and she is injured internally.

to perform civil duties. The terms civil rights and civil duties like all other fundamental conceptions are difficult to define, but a few illustrations might serve to clarify the point I am endeavoring to make. I walk along the street. I have a right there and nobody has a right to prevent it. This is a civil right; at some place I lose my way and I want to ask somebody to show me the way. I have a right to get help from society and the society through the agency of a policeman gives me the needful help. I receive this help, not as a charity, but as a right. Where and how did I get this right? I did not purchase this right just as I purchased the right to occupy my bed by paying for it. This is a civil right which I obtained by virtue of being a member of this society. The day I touched the American soil I got the right and I will remain in possession of the right as long as I stay here. It might be said that I have purchased the right by the payment of my share of taxes, but that would be wrong, for the tax is not the price of rights; and the exchange of the tax and the rights is not a purchase. Suppose I refuse to pay the tax; I will be punished; there is not the least doubt about it; but shall I lose any of my rights as a citizen? With the exception of such rights as are incompatible with the punishment, I will lose no rights whatever; for example if I am sent to jail I lose for the time the right to use the street but not the right to be protected by the police if somebody attacks me. If a tax were the price of my rights, and I refused to pay, anybody could murder me with impunity. But even a murderer who is to be executed to-morrow cannot be murdered with impunity today. He has a right to be protected and so has the man who does not pay his tax.

87. But the fact that tax is not the price of civil rights will be clearer by another argument. Taxes and civil rights bear no relation of quantity like a commodity and its price. Civil rights are **equal**: taxes are **unequqal**. If tax were a price I should be free to judge for myself whether the rights purchased at the price is a good bargain or not. I have no such right to judge for myself. I cannot refuse to to pay the tax on the grounds that I do not need the rights or that they are not worth the price. I get the rights whether I want them or not, and I have to pay the tax—wrongly called the price—

whether I think the rights as worth the price or not. The taxes are not the price of the rights. I get the rights because I am a citizen; I owe a duty of paying my taxes because I am a citizen; both the rights and the duties unconnected with one another are civil rights and duties respectively, and arise separately out of my being a citizen.

88. There are four conceivable ways of earning wealth from others. First by begging. This method is too well known to require explanation. Second by robbing—including stealing, swindling, frauds, blackmail, etc. This method consists of taking advantage of a disability of other men who cannot prevent their money being taken away from them in this way. (Of these methods, blackmail is particularly important for the purposes of our theory. In theory, the blackmailer does not create a disability; he only keeps on the lookout for it and takes advantage of the chance when it comes, without direct violation of the law.) Third, by process of exchange by private contract including wages. This is the prevailing way of earning wealth. It is the legitimate, and economically, most conducive to the welfare and prosperity of the world. And fourth, by civil right. This method is of theoretical interest only. It is not current anywhere except in a very limited scale, such as the old age pensions. This is the method recommended by Bellamy in his "Equality." It is the method advocated by some, but not by all schools of Socialism, and by all [7]anarchist-communists. Of these four methods, the first three only are found in practice. The first two are regarded as objectionable and attempts are made to stop them by law. It is, however, nearly impossible to prevent begging and blackmail. The first, i. e., begging, is not diligently prosecuted because permitting it is erring on the side of virtue, and the second because it is impossible to frame a law that will punish blackmail without introducing a greater evil

7. The Anarchists are generally divided into two schools, the Communinists and the Individualists. The Individualists stand for the individual's right to the full produce of his labors. The ideal of the Anarchist communist is practcally the same as scientific Socialism except that they repudiate government entirely, whereas the scientific Socialist recognizes it as a means to an end, until its function is fullfilled, after which he thinks it will naturally cease to exist

and probably without indirectly encouraging it more than it could prevent it. The third method is unquestionably the best but it depends upon a man getting employment, and we must see how a man can get it.

89. There are similarly four conceivable methods of getting employment from others: (1) Begging, (2) robbing, including blackmail, (3) by private contract, and (4) as a civil right. Of these four, employment by civil right is practically unknown. It is just the same thing as my "Guaranteed Employment." Employment by private contract has a suspicious resemblance to slavery and the government of the United States is supposed to take a every possible care to prevent any such contract if it seems to be in the nature of slavery. Generally all contracts for employment are one sided, for the employee **has nothing** to offer to his employer in exchange for the privilege of being employed. And as the employer is under no obligation to employ, he can dictate what terms he chooses and in most cases the employment degenerates into slavery. In the absence of civil right and right by private contract, there remain but two other possible ways of obtaining employment, viz., begging and blackmail, and these are mostly in use. Both methods are lawful; the laws might prevent a man begging for a loaf or for a penny, but they have to allow begging for employment. Every application for employment begins with, "I beg to apply for . . . . " and ends with "I beg to be, sir, your most obedient servant." The status of an applicant for work is the status of a beggar. The applicant knows it and is prepared for the sort of reception he often meets. The employer knows it, though in some cases he is polite enough to avoid appearances.

90. Employment by blackmail is at present the most popular method. It is perfectly lawful , for by its very nature laws are, and always will be powerless to prevent it. A competent surgeon needs employment, but he cannot get it until somebody has broken a bone; a lawyer wants employment but he cannot get it unless people quarrel with one another. The builders are out of work, they beg for work and cannot get it. A fire destroys a whole city and the builders have now their chance. A cabman at the door looks at me with greedy eyes every morning for me to employ him, but he does not get

work from me unless on some morning I have overslept and have to hurry up to my work, or unless the morning is frosty and the cold unbearable. A girl wants work as a house-maid but cannot get it until some house-wife becomes incapacitated and is unable to work for herself. In all cases men have to wait for somebody to get in trouble and then take advantage of his trouble to get employment. This is blackmail in every possible sense of the term.

91. To sum up: The individual members of society have to depend on begging or blackmail for employment; it cannot be obtained as a matter of right, and any attempt to obtain it by private contract has an almost unavoidable tendency to degenerate into slavery. Begging for employment is a method always open to all but it is the least successful of all the methods and as a matter of fact all employment reduces itself to blackmail,—either the employer blackmailing the employee, or the employee blackmailing the employer. It all depends upon which of the two parties is most needy. And as in most cases the employee is the more need-pressed of the two, he is the victim, and the whole industrial system degenerates into slavery. And now to return to the point: can a society be regarded as civilized, the members of which have no civil right or in fact any right to obtain something that that same civilization has made obligatory to all, and where the members are compelled in the absence of such right, to beg or to invent and carry out an extensive system of blackmail? **In a civilized society every member has as much moral right to receive employment when he needs it, as he has to receive protection against felons when he needs it, and this right must be recognized.** The laws cannot, and need not try to prevent blackmail-employment, as it would be beyond their power to do it, but they ought not to make a virtue of it and compel everybody to resort to that method. In an uncivilized society giving and receiving employment is of no consequence; men can employ themselves in hunting and fishing; if they employ one another it is a matter of mutual accommodation and of less importance; anyway it is not obligatory. In a civilized society, giving and receiving employment is of primary importance, the rich and the poor alike have to depend for all they earn on their being employed. We are civilized in so

far as to allow no begging or robbing for money; we are civilized enough to compel men to earn money rightfully by working. But we are uncivilized in so far, that we make no provision for supplying the needful employment. We compel men to be employed but we do not compel ourselves to employ them. We compel men to seek employment by begging, blackmail, or voluntary slavery, and for this great achievement we call ourselves civilized. **Civilization implies a civil right of every citizen to an equqivalent of the civil duty imposed on him. In a civilized state of society, giving employment of some kind to others is a civil duty, and the society must respect the corresponding right by having an adequate provision for guaranteed employment. A refusal to recognize this right would be slavery.**

92. The duty of the state to provide employment for the unemployed is not a new idea. It has been suggested and discussed by several schools of reform; it is one of the planks, though not an important one, of the Socialist platform; but it has never received the support it deserves for the simple reason that in the past it was founded on consideration of sentiment instead of on cool and impartial logic. People have always felt that there was something wrong somewhere and that the people through the government ought to do something to put it right. Having first arrived at the conclusion; the need of having something of sufficient shape in the form of an argument to support the conclusion made itself felt at an early period. The "right to work" was derived as a corollary to the "right to live." But the argument could not create conviction as it is weak at every point. The right to live is a purely negative right: it means that no person ought to shorten another man's life. It does not create an obligation to provide with means of preserving life for another man if he needs them. In this respect it resembles all other negative rights. I have a right to walk along the streets and nobody has a right to prevent me. But if I cannot walk I have no right to demand crutches in order that I might walk. I must try to find crutches for myself or give up the idea of walking on the streets. The right to live belongs to the same class. No person has the right to push me from the Harvard bridge into the Charles River below, but if I lose my balance and fall into

the river, I have no right to demand the services of a swimmer to jump in after me and pull me out. The right to work belongs to the same class. I have a right to manufacture cigars for my livelihood; nobody can rightfully prevent it. But I have no right to compel people to smoke in order that I may get work. All these rights are negative rights and Socialists using one of them to do the work of a positive right have spoiled a good case by a bad argument. The mass of people to whom the appeal was made could instinctively feel the workmen's right to get work. But in absence of strong arguments capable of bearing the conclusion they came to regard these claims as appeals to charity. And the duty of the state to provide for the unemployed as a matter of charity alone,—a good thing to be done, if it can be done. But there seems to be no possibility of the state being able to do it without a great expenditure and there the question generally ends.

93. And the people are right; if the right to work has no stronger foundation than the right to live, or than the right of a cripple to the use of crutches, the government is under no obligation to provide work. Every man or woman has a right to marry, but it does not follow that the government should procure husbands and wives if the parties cannot find partners to marry them. The people of this country are not close fisted misers. They have a sense of duty and a zeal in the performance of it. They have spent millions for war, than escape by paying one cent for tribute. When the people are awakened to their duty they do it. From the nameless widow who drops her cent in the Salvation Army charity box to the nameless millionaire who drops two and a half million dollars in the Technology charity box there is a strong sense of duty that never been rivalled in the history of the European races. All that is necessary is to show to the American citizen that he owes to the unemployed the duty of providing a guaranteed employment, to emancipate the **slave citizen** from the bonds of unemployment, and there is no doubt that he will do the duty at any cost, even at the cost of a second civil war, if the sacrifice is required of him once more. I have done my duty in this respect; I have shown that the right to work is unlike the negative right to use crutches; it is a positive right like the workmen's right to his wages, like the creditor's righ

to the repayment of debt, like the grocer's right to the price of the goods supplied; like a man's right to get police protection in the street, and judicial protection in the courts. I have presented the bill on behalf of the unemployed and I am sure the American citizen will not dishonor it. The unemployed ask for no charity; they ask for what is their due. They have given you employment and they only ask back what you have taken from them, and nothing more. One word more before I conclude. I present this bill not to the idle rich who has done nothing to earn his wealth; who received it from his father and whose only achievement now is to waste it away in dissipation; nor to the stock-exchange, gambler or swindler, nor to the child of fortune who awoke one morning with dollars raining through his roof. This bill is presented to the honest wage-earner who has received employment from others in some form and who must therefore pay back the debt. The rich always claim—and often rightly—that they too are wage-earners and that their large incomes are only their wages of ability; of comparatively greater services they do in the work of initiative ability, supervision, and control. If they think so they may stand along with the wage-earner and pay their share of the bill; but any rich man who claims to be an idle rich, who has done no service for society, and has therefore received no employment is under no obligation to pay! Let the rich choose for himself whether he prefers to be ranked a drone and [8]escape payment, or to be ranked with the honest toilers—brain and muscle workers—and pay his share of the tax for employing the unemployed. We of the great army of toilers have nothing to lose.

94. Incidentally I may take up at this point the question, why I have exempted the capitalist from taxation for

8. This might appear to contradict the provisions of paragraph 59 If any capitalist stood up to claim exemption on the strength of the argument, presented above, the tentative programme will have to be revised in response to their logical claim. But I have a moral certainty, that no capitalist will claim exemption on the ground that his income is unearned and represents no service. Not only would he refuse to make such a claim, but on the contrary he would strongly resent any such imputation, though in some cases at least such imputation is no doubt very richly deserved

the purpose of relieving the unemployed. A complete discussion of this question would be out of order at this stage, for we are discussing just now the rights of the unemployed only. In the first place, I do not propose to exempt the whole of the capitalistic profit from taxation, but only the reinvested profit. Reinvesting profit is by itself a process of relieving the unemployed, consequently in the act of reinvesting, the capitalist has fulfilled his obligation, to the unemployed, at least to the extent of the reinvested earnings. As to the other part, the part used in saving or spent in a haphazard way according to his own needs, convenience or fancy, his responsibility is equal to that of any other employed worker, and that part is therefore not exempt. In other words, I consider the capitalist to be a capitalist, only to the extent of his reinvested capital. As to what he saves in cash or spends for his consumption his moral obligation is on a level with that of an employed worker, rendering service and earning his wages in the form of profits in return for that service. To the extent of his uninvested earnings, he is a worker like any other worker, and is therefore responsible for unemployment. In his capacity as a worker, he must share the burden of tax for the relief of the unemployed.

95. To conclude. The unemployment of the unemployed is the sin of employed wage earner. He is a robber for he has received employment without giving equivalent return. The only way to atone for the sin is by giving employment to the unemployed. The Guaranteed Employment scheme is not unjust. On the contrary it is the most just of claims, that any social reformer has ever made on behalf of the oppressed. Society has received and is receiving employment from the unemployed, both jointly and severally, with compulsion and without, and ought to give adequate return for what they received. Society, by adopting certain principles as the basis of their constitution and by accepting other principles as the foundation of social integrity, has created unemployment and must therefore compensate the victims of their policy. Society in adopting certain standards of civilization has given an implied pledge for guaranteed employment and society must either stand by the pledge or abandon civilization. A refusal to give guaranteed employment would be a

disgraceful breach of pledge. A provision for guaranteed employment is an urgent duty and an inviolable obligation of every civilized society, and therefore of the state or government which represents the society, and has for the time undertaken the task of enforcing the rights and discharging the duties of society. Unemployment is a leprosy-spot on civilization and it is the result of the great sin of the wage-earner. To cleanse society of this dire disease is the first duty and the most sacred duty of the state and must be done at any cost.

UNEMPLOYMENT MUST BE DESTROYED.

Wage [1]Slavery: Cause and Cure

LECTURE III.

1. "Give and it shall be given unto you; good measure pressed down, and shaken together and running over, shall men give into your bosom. For with the same measure that ye meet withal, it shall be measured to you again."—Luke: VI-38.

2. "Be not deceived: God is not mocked: for whatsoever a man soweth, that shall he also reap."—Epistle to Galatians: VI-7.

96. The next [2]objection against the Guaranteed Employment scheme is, that it is impractical. It is an important objection, for if the scheme is impossible, no amount of argument in support of its moral claims, can make it possible. An impossible duty is no duty, says the Sankhya philosophy. As the workers are under no obligation to perform miracles, they cannot be persuaded to adopt an impossible scheme of reform. We must therefore try to see if the scheme is really impractical, and if so to what extent it is impractical. The foremost of all objections under this head is, that there is not work enough for all. This objection is presented in several forms and the reply, though it is the same reply in all cases, has also to be presented in several forms so as to suit the objections or rather the several forms of the objection.

97. What work are you going to give the employees employed under the guaranteed employment scheme? The army

1. For the sake of convenience I have used the word wage-slavery thus far in the popular sense. In the next lecture I will explain my own views on this point.

2. In this lecture I will limit myself to such practical objections as concerns the wage worker directly. Other practical objections will be considered later. The subject will be discussed from what is known in labor literature as the "prolatariat" point of view. This must necessarily involve some contradictions, for I could not pledge myself to maintain consistently a position which I accept provisionally for a limited use. For example, throughout this lecture I have proceeded on the assumption that every worker, including the wage worker, is entitled to the full produce of his labor, and that the condition of the wage-worker is one of slavery, though I do not hold either of these views. The incorrectness of both these views will be demonstrated in the next lecture. (See Lecture IV, Capitalism: The Wage System.)

and navy are fully manned; the government has all the police they want, the postal department is full; there is no more work to absorb more men in any department. Where can the government use them? I cannot answer that question at this stage, and I don't think I am bound to answer it even if I could. If there had been sufficient work for all, the existing non-guaranteed bureaus would have been amply sufficient for the needs of the society. There would have been no unemployment problem and no need of a scheme. But we know that for some reason under the present system of work-distribution there is not work enough for all the unemployed; that something has to be done to meet the situation. Some men are compelled to remain without work. These men, willing to work and unable to get it, are a dangerous element in every way. Some of them will degenerate into habitual and professional loafers, others more dangerous will be criminals-violators of law, but some and probably a very large section of them, who are by far the most dangerous, will be law-evaders, human sharks of all kinds, criminals and yet not criminals technically in the eyes of law, inventors of all kinds of fakes and swindles. In every case somebody has to bear, willingly or unwillingly, consciously or unconsciously, the burden of supporting them.

98. The question for us today is, whether the burden of the unemployed should be borne by the individuals on whom chance may throw the burden, or whether the whole society ought to be made to share it. I believe that if somebody has to bear the burden at all, it would be best for the individual as well as for the society that all should bear it alike. I do not refer here to the moral obligation of the society to share the burden as I have fully discussed that part of the question already, I am now dealing with the subject from a strict utilitarian point of view. Even after leaving aside every consideration of duty, and weighing the profits and losses of this policy, it is easy to see that in the long run it would be profitable to have the burden shared by all. If Japan invaded this country, the west coast would have to bear the brunt of the fight, but when the bill comes round the whole nation has to pay, not only the men of Los Angeles, San Francisco, and Seattle. Apart from consideration of justice, prudence would

dictate the same policy. If the west coast alone had to bear the whole cost, what guarantee is there that the west coast would not raise the white flag as soon as the first Japanese dreadnaught comes in view? I do not doubt the courage or the patriotism of the Western people, but when we are discussing a question on strict profit and loss basis, we have no right to assume that the western people might not take a similar view. As a matter of policy alone apart from all other considerations it is highly desirable that the burden of the unemployed should be borne alike by all.

99. Nor is it possible to shirk this duty effectively for a long time. You may not pay your share today, but tomorrow or the day after you will have to pay when the bill comes round. In fact you are paying it right now. A skillful swindler goes to the stores and robs them of a hundred dollars. You think the store proprietor has borne the burden; it is his loss and you think it does not concern you. But it does concern you for you have to pay the compensation some days later; in fact you begin to pay it even before the stores are robbed. Among the several items that go to make the cost of any thing you purchase, is the risk of the trade. Every trader knows that there are always various risks in trade, in spite of all possible care some of these will visit him. He therefore adjusts his prices so as to cover these risks. If no risks come round, he gets so much more profit. If he loses more than what he had looked for, he is a loser. One trader may lose more heavily then another but on an average the extra cost to cover the risk is always greater than the actual losses, and therefore society not only pays the swindler's bill, but something more because they pay it through a middle man. So that, if you have to pay for the unemployed at all it is best for you and the whole society to do it in a methodical and business-like way. They will have to pay less,—in the long run much less—than they pay now. They will also have a greater control and a more direct interest in exercising that control.

100. The question "What work, etc., does not concern me. It is you who have to answer it. It is you who have to bear the burden, either directly if you adopt this scheme, or indirectly if you allow things to go on as heretofore. **It is**

therefore your duty to find out means to make your burden lighter. In my capacity as a member of society, bearing my share of burden with you, I will also take my share of the duty of suggesting a profitable work, but in my present capacity as propounder of the guaranteed employment scheme, I ignore all responsibility of suggesting the work. My duty at this stage is to show that the burden of keeping up the guaranteed employment bureau is light and easily bearable, even without any work, that is, even if you have to pay the wages at a dead loss, and will be still lighter when a part of the force employed is provided with useful work. The number of unemployed in the United States is estimated as being two millions, so that a tax of five cents to the dollar will cover the cost of keeping them and their families even without any work. This of course is a very exaggerated estimate. Five cents to the dollar gives the unemployed higher wages than what many of the wage earners receive at present. Secondly, under good management the government might be able to find work for at least half the force, thereby earning a part of the cost. The actual tax, society will have to pay under working conditions, will probably not exceed two cents to the dollar.

101. But even thus the comparison is not quite fair. The unemployed is a burden on society today. He begs, he steals, he becomes a faker, a shark, a sycophant, anything he can obtain a living by, and society has to bear the burden. I only ask society to do the same thing methodically, in a business-like way, **by the whole society** on an organized plan, instead of by some persons who chance to be compelled reluctantly to bear the whole load. But apart from the cost of living the unemployed costs the wage earner far more in an indirect way than it would to keep him on a pension. Among the unemployed there are always some men, if not all in fact the majority of them, who are willing to work, anxious to get work at any cost, and unable to get a chance in any other way, they offer to sell their labor for any price, however low, and on any terms, however degrading. They escape being loafers by choosing to be slaves instead, and being voluntary slaves, no anti-slavery law, however stringent, can save them from the self-inflicted slavery. In fact their status as wage slaves is incomparably better than being unemployed. But in enslav-

ing themselves they bring the whole of the wage earner class to the condition of slaves. This is the price you have to pay, Mr. Wage Earner, for enjoying the privilege of letting the unemployed take care of themselves. Can you afford to pay this price any longer?

102. No wage earner can expect to get the [3]full value of his labor so long as another willing worker is greedily waiting and watching for an opportunity to displace him on half-wage. You enact your labor laws and after waiting for a time you are surprised to see each one of them a dead letter, and that the condition of labor is just what it was or if anything a little worse than before. What else should you expect? The oppressed wage earner in whose interest the laws are supposed to have been made, seems to have every possible motive to defeat the laws and to help his oppressor. Why does he behave like this? Why does he voluntarily throw away the help offered him by law? Simply because the laws cannot help him. They cannot give him an employment when he has not, or help him to [4]keep it when he has. The employer has absolute power over the wage earner in this respect, and having power in this respect he has practically an unlimited power in every other respect. The laws may ignore the power but they cannot deny it. In this way a few men out of work can reduce and do reduce the whole working community to a condition of absolute slavery, and no law can prevent it.

103. Now, American wage earner, I appeal to your common sense. Is it so very hard for you to pay two or perhaps five cents out of every dollar to place your worst enemy out of

3. See paragraph 96, foot note 2. For complete discussion of the doctrine of "full value," see Lecture IV.

4. The following extract from "Boston American" (approximate date, October, 1911), illustrates the futility of labor laws:

> "Our factory inspectors are investigating these charges," said Chief Whitney of the State Police. "Any employer whom we find violating the labor laws of the commonwealth will be prosecuted. . . . . The department is doing its best to punish the violators, but . . . . the women and children who are suffering as the result of these violations **do not complain to this office.** . . . . They are even afraid to give us any assistance in our investigations."

May I ask here what help the commonwealth gives to the women and children who lose their jobs.

your way? Do you think that this price for buying him over to neutrality too high for you to pay? If I were you, I would gladly pay even half of my income to buy over so dangerous a foe. He should have no business standing there outside your factory gate, an unconscious but irresistable weapon in the hands of your employer, for use against you. Cost what it may, you have to get him out of your way. **All he wants is employment, and work or no work you must give it to him.** If you have no work to give him to earn his wages from, you must pay it from your pocket as a dead loss, and even at five cents to the dollar you will find it an extremely profitable bargain; and the sooner you do it, the better will it be for your own sake. For the time is fast approaching when ten cents will not suffice and by that time you will not have even one cent to spare. The time for starting the Guaranteed Employment Bureau is now and you have not a day to lose. In fact it is already late; ten years ago one cent to the dollar would have been enough.

104. "What work can you give to your employees? Will you set them to dig holes and fill them up?" I am extremely thankful for the suggestion; of course you meant it for a sarcasm, but I intend to take it seriously. As I said in answering the previous objection it is no part of my duty to suggest a scheme of work, and I ought not be compelled to do it. But nobody seems to be inclined to respect my rights in this respect. I have been repeatedly and persistently challenged to suggest some profitable work without which my scheme is in danger of not being regarded seriously. The suggestion made by the questioner has saved me from the danger. It is one of the cleverest schemes that human ingenuity has invented. First the work is unlimited and can absorb any amount of labor without producing any useful results; for the one great dread of our industrial system is the dread of **over-production!** Digging holes and filling them up will produce nothing, and there is no fear of competitive rivalry!

105. Secondly it will serve as a crucial test to discriminate between a real worker and an idler, who professes to be a willing worker out of work. A real worker will tuck up his sleeves, take up his spade, and start digging right away; whether the work is productive or no is not his concern. The

idler will invent an excuse and sneak away. While discussing the unemployment problem I have always found my way blocked by the loafer problem. Among the unemployed, there always are and always will be some loafers who do not want to work. "What are you going to do with these human drones," is the problem. I will set them to dig holes and fill them up. It is a complete solution of the loafer problem. With any other kind of work the loafer has a chance of shirking. Any work intended for profit would necessarily suffer in the hands of a loafer, and he would always hope that the employer would in his own interest give the work to somebody else, and leave him free. With digging holes the loafer has no chance whatever; he can't spoil anything except his own chance of getting lighter and more respectable work later on. He must make up his mind to improve himself and fall in line with the workers or fall out of the system and starve.

106. Thirdly the dig-hole scheme will have a healthy effect on the workman in keeping his muscles in good working condition. At present a workman out of work gets scanty food; worry and want of work degenerates his nerves and muscles so that when he gets work after some days, his working power is considerably impaired. Digging holes will keep his muscles well exercised, his mind free from anxiety and his appetite in healthy state. Digging holes and filling them up for the sake of health and practice, is not a new invention. It is in use in the armies and navies of the world. During periods of no-work the men are required to ring noiseless bells, to ride wooden horses, to kill lifeless pigs, and to fight mock-fights, all for the sake of keeping the workmen in good working condition. If digging holes is good for the army, it is at least as good, for men in other trades.

107. But by far the greatest merit of the "dig-hole scheme" lies in its absurdly foolish and unprofitable character. It will show, as nothing else will, how unworthy of office are those who organize and control industry,—the "men of ability" as they call themselves. These people claim higher wages as reward for ability, and we are called upon to swear allegiance to this Nebuchadnezzar idol for the blessing it is supposed to bring to the world. If digging holes is all they can invent to keep a willing and needy workman at work, it is

time they change their trade, and we will try to see if we could not possibly invent something better. Digging holes! That is what we are doing on an extensive scale today. Here is a man out of work and unable to get a legitimate work, he becomes a criminal and sets a whole army of police, lawyers, judges, jurors, newspaper reporters to run after him. What profitable results have you to show for this work? Is this or is this not digging holes without being half so harmless. It is digging holes in the moral ground of the nation and leaving them unfilled. During my stay in Massachusetts I heard that the Knowles Blake pump foundry has women workers in the core-room. The Boston newspapers moved heaven and earth to awaken the commonwealth of Massachusetts, and a bill for non-employment of women in the foundries was expected to come up for discussion during the next [5]session. What became of the bill I do not know and I never tried to find out. Let us suppose for the sake of argument such a law to be enacted, what will be the result? The women workers will be dug out of factories and men workers will be filled in, but in every other respect things will be just what they are or perhaps much worse. The men out of work today, beg or steal,—that is the worst they can do. But the women turned out of work might do what the men cannot; they might turn the white-way into a red light district.

108. Digging holes and filling them up! Foolish as the scheme is, beyond doubt it is incomparably superior,—morally, physically, and even economically,—to what we are doing today. Here is an army of men adulterating foods and drinks, in order that they may be able to under-sell their rivals, and

5. The following news items from two Boston papers (October, 1911) will prove instructive:

I. "Women Coreworkers—Advisability of their employment discussed before the Committee on Labor."

The advisability of permitting women to be employed in core-rooms in this commonwealth was discussed at length before the committee on labor the principle feature being the presence of a **score or more of the women and girls who are at present working** in rooms of this character, in various establishments in greater Boston, **all appearing in opposition to the bill."**

II. "One of the members, **Mary Mardini**, fore-woman in the core-room of the Blake Pump Works, **addressed the meeting** and **strenuously opposed the prohibition of women core-makers."**

get employment, and here is another army of men trying to detect and punish the first army. Is not this digging holes and filling them? And who pays for this work? You, Mr. Wage Earner, you are paying for it, and what is worse, you have absolutely no control over the work for which you pay, or a voice to decide how much you should pay for it. Foolish as the "dig-hole-and-fill-them" scheme is, you Mr. Wage Earner have the least right to take me to task for it. Later on, after I have finished this series of lectures, I intend in another series to make some practicable suggestions as to the work that may be profitably offered to the employees of the Guaranteed Employment Bureau; but at this stage I studiously and deliberately refuse to do it. My scheme is, **Guaranteed Employment—work or no work**, and I mean to stand by it. If you can find out some work, it is to your own advantage to do so, but if you cannot, you should not expect me to help you. This is my argument: Here is a group of men willing and able to work; these men represent an enormous amount of idle energy; as they are, they are a source of greatest danger to the commonwealth; to employ them without having any profitable work to be done will cost you something, but the cost is very little and the removal of a serious danger is an enormous gain. If you can give them some profitable work, it will be a further advantage, but even if you cannot, the advantage of getting a dangerous element under your control is worth being paid for, and even if you have to pay as high as five cents to the dollar, it will still be a very profitable bargain. Therefore I say that all the unemployed in the United States must be employed right away without any further delay, and the the cost of this **employment must be borne by the wage earner,** in the form of a tax. If you can earn back a part or even the whole of the cost by profitable work, there is no reason why you should not do it. But this is a secondary consideration and not an important part of the Guaranteed Employment Scheme.

109. Here is another objection: the American wage earner is a practical man of business. You can never persuade him to part with his dollar unless you could first convince him of his getting two dollars in return. Therefore, unless you have some profitable work to show as part of your scheme,

you need not expect him to sympathize with your ideas and support your scheme. A very strong objection indeed. The American wage earner a practical man of business! This is unexpected news. Do I understand that every American wage earner gets two dollars as wages for every dollar's worth of work? I never knew it. As far as my information goes he gets half a dollar as wages for every dollar's worth of work and very often not even as much. You are not the man of business you profess to be, you Mr. American Wage-Slave. Slave? No! No! No! I am sorry for using that word; permit me to correct myself without further delay. In calling the wage earner a "slave" I have thoughtlessly insulted the desecrated image of God, the poor oppressed sample of humanity, the slave, who when chance made it possible, gave to the world a Joseph, a Kutubuddin, an Aesop, or a Toussaint L'overture. The manacled body of a slave had a free soul within, but you, Mr. Wage Slave are a slave body and soul, just free enough to sell yourself and no more, and even this freedom you fling away and offer yourself for sale and pray that you might be purchased in preference to somebody else. You offer your wives and children to be sold to your bread master, to be harnessed to the machines and for this great achievement, you claim to be called a practical man of business! Well I take you at your word. As long as the unemployed are standing outside your factory gate, waiting for a chance to take your place, you will remain a slave. If you value your freedom and wish to be able to treat with your employer on terms of equality, instead of your present unconditional submission to what he dictates, you must pay the proper price for it. If you are the man of business you profess to be, you ought to have no difficulty to see your own interest in providing for the unemployed. I may also add that the small cost of your liberty will soon be compensated by a raise in your wages, so that as a matter of business you lose nothing at all and your gain of freedom is an enormous gain.

110. The objection that there is not enough work is not a fair, honest, and straight-forward objection. There is another objection at the back of this objection which the opponent does not want to show himself with; he is therefore trying to hide himself behind this objection. Work is not

the real question. The real question is "who is to pay?" In asking persistently to show what work could be given for the unemployed the opponent hopes, that if you could show the work he would immediately escape all further responsibility; for whoever profits by the work must pay the wages. There the question ends. The opponent wants to dodge himself out of his duty of providing for the unemployed. That is one reason why I have so persistently refused to answer the question, not that I am unable to answer it. If the people of the United States accept my theory and adopt my scheme, they will have to begin it as a matter of duty, and of social policy for the welfare of the commonwealth, not for the economic equivalent of what they pay but for the other important results that are expected to follow, and more than that, to right a wrong, to do social justice, to give to the unemployed what belongs to them. They will have to pay for maintaining the bureau just as they are paying for the army, navy, and police, for the moral and economic welfare of the commonwealth.

111. Once the workers realize that it is their **moral duty to pay and** that it is to **their own interest to pay,** there will be no more questions asked as to what the work shall be. There is never any difficulty to find work. Anybody could find work, and useful work too, for all the workers in the world if somebody else would guarantee the payment of the wages. The finding of useful work is no problem at all. The whole problem is one of wages: who should pay the [6]wages? I have stated my views and given my reasons: The working class must bear all the financial burden for the relief of the unemployed. What has the working class to say to that proposition? The Socialist Party claims to be the spokesman of the working class and the custodian of the working class interests. Let us see what they have to say in the interests of the working class.

112. The 23rd of August, 1914, was scheduled as the date for the beginning of an International Congress of the Socialist

6. The Socialist Party in its National platform in 1912 says nothing whatever, as to where the wages should come from. From their political demands, it seems that they hold the capitalist should bear the financial burden, but article 9 of their industrial demands make this inference rather doubtful.

Party to be held in Vienna, Austria. A part of the intended working program of that Congress referred to the unemployment problem. The sudden outbreak of the war a few weeks before the appointed time made the meeting in Vienna impossible. The program, therefore, remains a tentative issue to this day, but as M. Ed. Vaillant, the French delegate whose duty it was to collect the necessary information and to submit his report, had consulted the Socialist parties of all countries before drawing up that program, there is a moral certainty that it represents the most revised expression of Socialist views from all countries. Section eight of this program is as follows:

> "8. **Social assurance** against all the risks of the working class life and labor,—unemployment, accidents, sickness, invalidity, infirmity, old age, etc. **without working man's contribution,** and managed quite independently by the unions of the insured. Assurance guaranteeing to all those insured reparation for risks undergone, compensation to be at least equal to the proved loss of working capacity or wages. Establishments of all institutions and measures for the prevention of risks. **Graduated tax upon capital** and income of the wealthy class, the provision of an annual credit in the budget of necessary sums for the complete working and development of social insurance, the **capitalized funds from the employers** contributions furnishing the useful complementary sums."

It will be seen that the Socialist program differs from the one I suggest, in two points; first, **the financial responsibility should not rest upon the working class**, and second, that **it should fall upon the capitalists.**

7. I have never been able to see why the Congress of 1914 was impossible, and no Socialist papers have tried to explain it. I cannot see why the executive committee could not have arranged for a meeting in Norway, Sweden or the United States, either for the same date or a few weeks later. It is possible that the custodians of the working class interests did not care to hold any Congress while their wards were happy at their jobs of grinding out munitions for the belligerents. If that is the real reason we should not expect to find it anywhere in dry ink.

113. The Socialists contend that capitalism is the cause of unemployment (although this is really in conflict with the correct theories of scientific Socialism.) If capitalism were the cause of unemployment it would be but fair and just to make capitalism pay for the consequences caused "by the misrule of the capitalist [8]class." But capitalism does not cause unemployment and it would be unjust to punish it for a crime it never committed. The Socialists must, therefore, reconsider and revise their position on this point. For similar reasons I maintain that the working class, as a class, is responsible for the existence of unemployment and must therefore pay for its abolition. Lastly I have shown that it is to the interest of the working class to have a system of guaranteed employment maintained at any cost, and cost what it may, the workers must pay the price.

114. But, is the worker able to pay the cost? That is, of course, a very important question. That some of the workers cannot even get a living wage is indisputable. But such starvation wages will not be taxed at all. In the case of higher wages, the minimum living expense will first be set aside before any tax is assessed. It is only the workers, best able to pay, who will have to pay; the rest will be exempt. What is wrong with such an arrangement? If the working class as a whole were unable to pay the tax, the whole scheme would fall through; but is the working class, as a whole, on the verge of pauperism and unable to pay the tax? Let us see.

115. The United States is rapidly becoming a land of strikes. There is scarcely a day in the calendar without a strike taking place somewhere in the nation. How are these strikes sustained? Take for example the strike at the General Electric plant in Schenectady, N. Y., when 12,000 toilers stopped work and remained at home for over three weeks. During this time they did not earn one cent, and yet they lived and spent money. It is quite certain that neither the General Electric Company nor the Wall Street financed that strike. There is but one other source from which the funds arose; **the workers financed the strike.** It is impossible to deny this.

8. National platform of the Socialist Party of the United States, 1912.

If the workers can finance these continual strikes they can finance the guaranteed employment scheme, for **this scheme is nothing more than a strike viewed from another angle.** Imagine all the unemployed gone out on strike and refusing to visit the factory gate on a no-wage basis! They prefer to stay at home and maintain the strike until conditions of work and wages in the factory are brought to a more satisfactory standard, provided, in the mean time that the workers undertake to finance the strike. Seen in this light, the guaranteed employment scheme is only a strike in the interests of all the workers, both employed and unemployed, and conducted by the workers without work, and financed by the workers with work. To be sure, there are some very important differences between such a strike and one of the usual kind. In the first place there will be no scabs in this strike, for who will go to the factory gate merely to tramp up and down without the barest hope of getting a job when he is assured of wages by just sitting home? Then, there will be no pickets, there is no need for them; nor will there be any police-made riots to protect the scabs, and finally, this is the only kind of a strike, which the capitalist will not fight against. There will be no advantage to the capitalist to fight against a strike of this kind and he could not fight against it if he would. Against such a strike the capitalist has as much chance, as a submarine has against an aeroplane.

116. Or we might compare the guaranteed employment scheme, depending upon the workers' funds to the trade unions. The employment at the bureau may be compared to the unemployment benefit and the tax is comparable to the union dues. If the workers can pay dues to their local and national unions, they can certainly pay dues for the unemployment scheme. It is not difficult to see from this analogy that the tax for the guaranteed employment bureau can be and must be paid by the workers. It would be foolish to expect the capitalist to pay the workers' dues, particularly when the purpose of the dues is to organize a fight against him.

117. Nor is it possible to make the capitalist pay the taxes. It may be desirable to make him pay. It may be desirable to get a piece of pie at the counter and make the cash-

ier pay for it,the only objectionable feature of such a plan is that it will not work. In the same way the worker cannot tax the capitalist. The man who can conceive of a method to tax the capitalist is not yet born. Of course it is possible to take from the capitalist the whole or nearly the whole of his property and call it taxation, just to please one's fancy, but that is not a tax in the true sense of the term. It is not possible to make this point clear without entering into the theories of taxation. I therefore leave that part for the present and content myself with just one illustration for the sake of clarity. The intoxicating drinks of this country are taxed fairly high. Does that make the saloon-keeper poor? You know that it does not; in fact the saloon, in spite of the heavy taxation, is a very profitable venture. The reason is simple. The capitalist is not a taxpayer. He is merely a tax gatherer. He collects from his customers every cent that he pays as tax in advance, and a little more. He collects the little more in two ways; first, to his duties of buyer and seller is now added to the duty of tax collector and he adds to the tax his share of the collector's fees in adjusting the prices of commodities; secondly, he does not know exactly how much of the commodity he is going to sell; he can collect the tax only on what he does sell. Therefore he has to keep well within the safe limit by distributing the tax paid, over the smallest possible amount of his commodity. For example, if a saloon-keeper pays $500.00 for licensing his saloon, he may distribute this tax over 5,000 bottles of whiskey. If then, he succeeds in selling 6,000 bottles he will have collected $600.00 as a tax. All though he has had to pay the government only $500.00. All methods of taxing the capitalist turn out to be in the long run, but methods of [9]giving him a tax instead. An attempt to tax the capitalist is like trying to empty the water pipe by open-

9. "Indirect taxes add to the price of goods not only the tax itself but also the profit on the tax. . . . . Those who pay such taxes to the government seldom or never ask for their reduction or repeal, but on the contrary generally oppose such propositions. . . . . The reduction of war tax on whiskey was strongly opposed by the whiskey ring composed of great distillers. The match manufacturers fought bitterly the abolition of tax on matches.—Henry George: Protection or Free Trade, page 84.

ing the faucet. When the faucet is opened it is not the pipe that is emptied, but the reservoir at the back of the pipe. Any tax on the capitalist is automatically transferred to the real source of wealth,—the labor power of the working-class. It is impossible to tax the capitalist as a class. In all cases the worker has to pay it, and the sooner the worker recognizes this fact the better it will be for all of us. Therefore, considering all these reasons I am compelled to take a stand against the Socialist Party program of taxing the capitalist. The worker must pay the taxes; willy-nilly, he pays them anyway, and it would be much to his advantage if he would understand it at the outset, and accept the responsibility with open eyes, a cheerful heart, and a clear conscience.

118. Another method very popular among the Socialists, though it has no support in the theory of scientific Socialism, a method which for that reason is not yet officially recognized by the party, is that of reducing the hours of work. Though not officially recognized this method is steadily growing in popularity and is being supported by many prominent Socialists. The following extract may be taken as a fair sample of what the leading Socialists have to say on this point:

A SHORTER WORKDAY:

"1. It would necessitate the employment of a large number of men to do the same work, using the same machinery

"2. By thus reducing the number of men out of work, it would increase effective demand for labor in proportion, and thus have a tendency to raise wages.

"3. By increasing the average wage it would have a tendency to reduce the relative percentage of profits on the products of labor, thus increasing the relative purchasing power of wages.

"4. By shortening the hours of labor it would leave the workers less exhausted at the close of the day, and more capable of sustained study and thought —more capable of organization.

"5. Even when the profit-takers had compensated themselves for the increased wages at the end of the day by taking on an increase in price at the other end, the improvement in the condition of labor

and life would be a net and permanent gain—resulting in the absolute progress in the other direction, namely, intelligent self-control."—"Menace of Unemployment," Winfield R. Gaylord.

119. As to the advantages of paragraphs 4 and 5, I should certainly be in favor of a shorter work day; that is, if those advantages would accrue, which I gravely doubt. But as I am discussing the question from the unemployment-point-of-view, I will waive my objections and concede, provisionally, that these two advantages would follow in the wake of the shorter work day. But I cannot leave this argument without at least one effort to remind the workers that as long as unemployment remains all the other reforms are wasted efforts. The blight of unemployment will wither every scheme for the betterment of the workers. Take for example the eight-hour reform, and let us see how far it will help the worker to better himself by study and thought. The eight hour law gives him no more security over his job than he had before; he will therefore try to save what he can for a rainy day. He saves two hours of labor time from the factory, and he puts in this time doing domestic work, such as planting cabbage in his back yard, or repairing his furniture which he would have given to another worker if he had been working at the factory. Thus, in this way he creates an equivalent amount of unemployment for another worker. And he does this without even a pretence of the intellectual betterment for himself that the two extra hours of leisure are calculated to bring. **As long as unemployment remains all other reforms are impossible.**

120. This question is only a side issue. The main point is, will the shorter work-day abolish, or even appreciably diminish unemployment. I maintain that it will not. A simple illustration will show why it will not. Suppose I am a capitalist and that I own a biscuit factory. I employ 100 workers with wages averaging $20.00 per week, with a ten hour day and a sixty hour week. Out of these 100 workers only 40 are occupied in producing the biscuits that I place upon the market. The remaining 60 workers do not produce a single biscuit, in fact they produce **nothing for the market today.** Their work consists of creating means and developing methods of

production for future use, i. e., for industrial development. For instance the factory chemist is trying to discover a better substitute for yeast, or the engineer is occupied in planning a new building or installing new machinery. At first sight it would appear that these workers who produce for the future are few in number and that I have exaggerated a little too freely when I said that 60 workers were employed in non-productive (i. e., remotely-productive) capacities. I have not exaggerated at all; in fact I have underestimated a little in order to keep within safe limits. The wages of the chemist are $200.00 per week, which means ten average workers rolled in one and the same is true of the engineers. Out of the men employed in producing the biscuit for the market some get wages as low as $5.00 and you will have to count four of them as one worker. It is easy to see then, that as economic units, there are only 40 workers (though there might be 100 human beings necessary to make the equivalent of 40 average workers), employed in producing **goods for the market,** i. e., to satisfy the demand of the public as the consumer. It is also easy to see that there are 60 average workers employed in industrial development work. The forty producers turn out biscuits worth $50.00 each, so that after paying their wages I realize a profit of $30.00 per head. But the 60 workers employed in development do not bring in any profit at this time; their work will bring profit in the future, but at the present time I cannot market their product, not even to pay their wages. If it had not been for the other 40 workers who created goods that netted me $30.00 profit per head, I would not have been able to maintain the other staff of 60. In fact I employ just 60 workers for the simple reason that my profits are just enough to pay the wages of 60 and no more. The field of industrial development is unlimited in extent, and so promising of results in future that I would gladly employ all the workers who are unemployed all over the world, in all the trades and professions if I could only discover some way to pay their wages. At present my only source of wages is the profit that I make from the producers and I can employ only 60 average workers because my present rate of profit is only 60 per cent. Now imagine the work day to be shortened to 8 hours. In order to supply the market I will have to put 10

more men on the production side and pay out $200.00 a week in extra wages which will now cut down my profit, and I will be compelled to reduce my development force from 60 to 50. The total number of employed is neither increased nor decreased. **My own profits are cut down, I must admit that; but the unemployment problem is just where it was when we started** and that is what I wanted to prove.

121. This illustration, though fictitious, is not unreal as it represents the state of affairs in all industries where capitalism prevails. The division of the industrial army into its two parts is not always so definite; for example, the same manager and the same engineer are in charge of production as well as development. The same floor-sweeper, the same gatekeeper and the same night watchman may be in charge of the duties of both departments. Sometimes the extension consists merely of purchase from outside, such as purchase of new machinery. In such a case the working force on the development side is not in the factory at all, but in some far away factory where the work appearing to the casual observer as a production for the market is really the extension work of the first factory. These and various other reasons disguise the fact that by far the largest part of industrial armies are engaged in extension work. But however disguised, the fact remains that all the surplus labor of the worker which constitutes the profit of the capitalist class includes in all cases the foregoing form of industrial development. Any cutting down of the profits must necessarily cut down industrial development to just that extent. On industrial development, not on mere production of commodities, for daily use, is based modern civilization. On that same industrial development depends also the far more advanced type of the civilization of the future. A philosophy which claims for the workers the full product of their toil or the social equivalent in value, and allows no deduction for new industrial development is therefore not revolutionary, but reactionary. It is worse than this, it is industrial suicide. In all the popular literature on this subject the workers employed on the development side are left out of calculation. The writers on this subject have always in mind only the labor force employed for necessities of the market. They are right when they argue that with

shorter work-day more men will be employed on the production side and that is the only part of industry they have in view. They forget that every additional hand on the production side means one less on the development side. A shorter work-day is no solution of the unemployment problem, whatever else may be said in its favor. On the contrary, paradoxical as it may appear—the solution of the problem will be found to be in an effective prolongation of the work-day. It was a knowledge of this fact that led Marx to conclude that "the most fortunate conditions for wage labor lie in the **speedy increase** of capital."

122. In all fairness to the philosophy of Socialism I must repeat that scientific Socialism does not stand for the eight hour law on the ground that it would relieve unemployment. It advocates the eight hour day and recommends the working class to fight persistently for this right but for an entirely different [10]reason, and one which it would be here entirely out of place to discuss. As to taking profit and investing it into new development work, it is not only the privilege but according to Marx, it is the duty and the [11]function, of the capitalist; any expenditure of this profit by the capitalist for purely personal use is, in his opinion, a breach of duty, or, rather a down-right [12]"robbery." The **"purpose to give to the**

10. Marx: Capital, Vol I, page 258.

11. I. "A certain quantity of surplus labor is required for the purpose of discounting accidents, and by (for?) **the necessary and progressive expansion** of the process of reproduction in keeping with the development of the needs and the advances of population, called accumulation from the point of view of the capitalist. **It is one of the civilizing sides of capital** that it **enforces this surplus labor** in a manner and under conditions which promotes the development of the productive forces, of social conditions. . . . . "—Marx: Capital, Vol III, page 953.

II. "When we appropriate capital, we must at the same time take over **its social function.** The **most important** of these is the **accumulation of capital.** Capitalists do not consume their entire income. A portion they lay aside for the extension of production."—Kautsky: Social Revolution, page 136.

12. "So far therefore as his actions are a mere function of capital —endowed as capital is in his person, with consciousness and a will— **his own private consumption is a robbery perpetrated** on accumulation.—Marx: Capital, Vol I, page 649.

workman all they [13]produce" is not scientific Socialism; it is either unscientific nonsense or scientific individualism according to the spirit in which it is said. In either case it is preaching falsehood in the name of truth. No one who understands scientific Socialism takes exception to the capitalistic appropriation of surplus and its transformation into new capital for future use. It is recognized as one of the greatest elements of human progress and redeeming feature of capitalism, which according to scientific Socialism has proved to be a failure in everything else. According to this view the capitalist is a [14]trustee for the coming generations and holds for them in the form of profit their share of coming civilization.

123. Mr. Gaylord, in arguing that the shorter work day will cut down profit and thus increase the purchasing power of the worker betrays his ignorance of the very fundamental principles of scientific Socialism. The purchasing power of the worker has nothing to do with **total produce**; it is concerned with commodities for **final consumption only.** To return to the illustration of the biscuit factory. The wages of the workers, that is, the wages of all the 100 workers, are expected to be sufficient to buy the total produce of the 40 biscuit producers. Nobody is supposed to buy any part of what the other 60 workers produce. Under capitalism, the purchasing power of the worker as a whole is always exactly equal to the total produce available for final consumption. It is neither more nor less. The natural law of value automatically takes care of that. There is never any trouble, there **never can be** any trouble, about the purchasing power of the **workers as a whole.** The whole trouble lies in the **unequal distribution of the purchasing power among the** workers, and cutting down the profits of the capitalist cannot possibly remedy this evil, no matter how much the profits are cut down, whether by taxation, or by the introduction of

13. "The purpose of Socialism is to give the workers **all** they produce."—Allan Benson: Truth About Socialism, page 18.

14. "The distinguishing feature of capitalism, the keynote of modern progress, is the enormous accumulation of wealth, which constitutes the very condition of existence of the economic structure under capitalism. Under that system, the capitalist becomes in a sense, a trustee of society."—Stone: Intercollegiate Socialist, page 34, March, 1916.

the shorter work day. With a shorter work day a five dollar hod carrier will still get five dollars and the thirty dollar mechanic will still get thirty dollars and the hundred dollar engineer will still get one hundred dollars. The purchasing power will be distributed as unequqally as before. Yet it is easy to see that if the workers were taxed in proportion to their incomes, the hundred dollar engineer would come down to ninety; the thirty dollar mechanic nearly to twenty-seven and the five dollar hod carrier would suffer no reduction at all. Taxing the workers would at least have some effect—though not much—toward equalizing the purchasing power of the workers, (if that be necessary), but cutting the profits of the capitalist would have no such effect whatever.

124. The shorter work day cannot solve the unemployment problem. **The emancipation of the workers must come from the workers themselves.** They have created unemployment and they must bear the cost of removing it. They are the beneficiaries of the reform and they must pay the price for their emancipation. Any other scheme for skillfully "putting it over" on the capitalist is doomed to failure. You cannot tax the capitalist as a class. The shorter work day is not altogether impossible, but it will be fruitless, and will lead to sad disappointment if any relief from unemployment is expected to follow from it. The profit system is not the cause of unemployment and any attempt to strike at the profits will be wasted efforts. **THERE IS ONLY ONE WAY TO EMANCIPATE THE WORKERS, and that is, BY A SYSTEM OF GUARANTEED EMPLOYMENT FINANCED BY THE EMPLOYED WORKERS** for the equal benefit of all the workers whether employed or unemployed. This is what I mean when I say **that the emancipation of the workers must come from the workers themselves. It must come from the worker's own brain, and brawn, and pocketbook; there is no other way but this.**

125. We have seen thus far, that it is the duty of the worker to finance the Guaranteed Employment system, and moreover that it is to his own interest to do it; in fact that it is the only way to improve the condition of labor. We have also seen, that at least to some extent, the worker is also able to bear the financial burden. But the question still remains:

"Can he bear the whole burden?" The success of the scheme depends entirely upon the answer to this question. If the worker fails to come up to what is expected of him; if he breaks down under the burden of taxation for the relief of the unemployed, then the unemployment problem cannot be solved. A practical solution will turn out ultimately to be no solution at all, for unrelieved residue of unemployment will breed more unemployment. The worker must either bear the whole burden, or none at all. If he cannot bear the whole burden, he need not bear any; it would be as useless as building a dam half-way across the river. We must try to figure out first, **whether the worker can and will bear the whole burden.** Incidentally we must also find out how much that burden is going to be.

126. A reference to the theory of unemployment already discussed (see Lecture I, para. 44) will show **that the worker as a whole is always able to bear the financial burden for the relief of the unemployed as a whole,** no matter how small or how large that army of unemployed should be. Every penny saved corresponds to a penny worth of unemployment somewhere; if it be a dollar saved, it would mean a dollar's worth of unemployment. The amount of total saving on one side is always equal to the total amount of unemployment on the other side. It is an exact mathematical law which allows no exception. The relation of saving to unemployment is like the relation of positive and negative charges of electricity. The relation is always one of equality: the total positive charge is always exactly equal to the total negative charge, no matter how one of the charges is collected and stored; nor does it matter whether the charge is collected in one place or scattered over a large number of conductors. The positive and negative charges may be near together or many thousand miles apart; but in every case the total positive charge is exactly equal to the total negative charge. The same law applies to economics and with the same amount of exactness. The total savings of the workers, and therefore their ability to relieve unemployment is always equal to the amount of unemployment in need of relief for example before every crisis, as was pointed out by Marx, the wages are highest, and the savings of the workers reach the maximum, the

money in hands of the capitalist (except what he holds as deposited savings of the workers) is practically nil, and the result is a crisis. In the industrial depression that follows, wages fall away, either by reduction of rate or by long periods of unemployment; the savings of the workers are exhausted, the crisis now ends, and most of the unemployment disappears also. The amount of unemployment in need of relief, and the ability of the workers to give that relief, are always exactly equal. The question, "how much the financial burden is going to be" cannot be answered, for it depends upon the amount of unemployment, which varies from a few hundred thousand to several millions. But there is no need to answer that question. We know that the ability of workers to relieve unemployment is always equal to the need of the unemployed, and that is enough.

127. It must be noted, however, that the ability to bear the burden is sufficient only when the whole ability of the workers is applied collectively. If part of the workers refuse to contribute their share according to their ability the scheme will fail, for it can then relieve only a part. The unrelieved part will create more unemployment and spoil the whole programme. And the workers recognizing this possibility and the futility of partial efforts, will refuse to contribute in the first place unless they have a guarantee that when they contribute, every one else will contribute also. Under the present system of social evolution such a guarantee is possible only by means of a scheme of taxation under governmental control. There is no other method I can think of, that will carry with it a guarantee that all the workers will pay their share. The **worker as a whole** can bear the whole burden if you can find means either to compel or to persuade him to do his share.

128. But closely connected with the question "can the worker bear the whole burden?" is the question "will he bear it?" It is a question of psychology, not of economics. If a man has only a five-cent-piece in his pocket, and you happen to need it very badly, he may give it to you with a cheerful heart and even thank you for the opportunity you gave him to render you a useful service. If he happens to have five dollars, and you need them just as badly, he will find it harder to part with the money, he may easily give half a dollar, i. e.,

ten per cent., but not the whole five dollars, although such a sacrifice will not place him in a worse condition than the giving of five cents when he had only five cents to give. If he had 500 dollars, the chances are that even ten per cent. would be difficult to part with. When the savings of the workers and consequently their ability to contribute to the relief of the unemployed are the highest the psychological difficulty of parting with the money is also the greatest; and yet it is just under these conditions that the need of relief is most acute, and the burden of relief that the workers are expected to bear is also the heaviest.

129. Fortunately the problem carries its own solution. Between a wave of industrial prosperity when the wages are highest and the savings accumulate, and the succeeding crisis, when millions are thrown out of work, there is a short period of transition. This period of transition is a result of the credit system, and a by-product of capitalism. During the wave of prosperity the worker is able to save, and he generally deposits his savings in the bank. The capitalist borrows this money, and uses it to keep the industry going on; the savings of the worker accumulate; the debt if the capitalist also keeps piling up, until it exceeds his credit. Then comes the crash; some capitalists, unable to borrow more, are compelled to shut down their work. This is the beginning of the crisis. This little unemployment is the starting point of more unemployment which constitutes the crisis. During the period of transition, and even later during the early stages of the crisis there is very little unemployment calling for relief. At this stage it is very easy to relieve unemployment, for the amount needed for relief is very small, and the worker is then best able to pay. If the first batch of unemployed be promptly and efficiently relieved, the crisis will be effectively arrested, for a crisis is only unemployment coming down with a rush. It is like using the lightning conductor to prevent a lightning stroke; the accumulated electricity has to be removed in some way; the conductor gradually and imperceptibly carries away the accumulated electricity, relieves the tension, and averts the crash. The Guaranteed Employment Bureau, armed by the power to tax, will gradually take away the savings, relieve unemployment as fast as it comes to the sur-

face, avert the crisis, and the subsequent paralysis of industry.

130. In any country, the proper time to start the Guaranteed System is when that country is in a wave of prosperity, approaching the peak of the wave, before the depression begins. The United States is at this moment passing through such a wave. There is practically no unemployment anywhere; workers are everywhere in demand. The capitalists are afraid of strikes, and are trying to propitiate the workers, by concessions, bonuses, and promises. Two years ago, whenever industrial relations were strained, and a strike was in view, it was the workers who pleaded for arbitration. The capitalist turned away with real or feigned indifference. They said they had nothing to arbitrate. Today, it is the capitalists who plead for arbitration, and the workers who refuse to arbitrate. They are conscious of their transient power, and are trying to make the best of it by making greater and greater demands. There is certainly a great crash ahead, everybody knows this much, but nobody seems to know how to avert it. In the meantime, workers are trying to save what they can, so as to be able to face the crash when it comes, blissfully unconscious of the fact, that by their saving they are actually helping to make the crash. Between the present prosperity and the coming cisis, there is the period of transition which may last a year or two, or perhaps only a few months. The time to start the Guaranteed Employment Bureau is now; not a day to lose. If once the crisis begins, and the first group of unemployed remains unrelieved for an appreciable length of time, there will be in a few weeks from five to ten million workers out of work. It will then need from 10 to 15 per cent. of the employed workers' wages to help the unemployed; and although it will be even then possible in theory for the workers to contribute that amount, it would be impossible to persuade them to pay it. For in the face of the crisis, no worker will have the courage to give away a large part of his income, to help others when he may himself need help any minute.

131. If, on the contrary, the Guaranteed Employment Bureau were started now, a tax of not exceeding two per cent. will place in the hands of the bureau, a sufficient sum to employ the first batch of unemployed as soon as they happen to

be thrown out of work. Prompt and efficient relief of the first batch will have the effect of restoring confidence. The workers will no longer try to save feverishly, and thus precipitate the crisis. With increase of workers' expenditure, the demand will increase, and crisis will be averted, at least for a time. In the meantime the funds in the hands of the bureau will again begin to increase, and its credit will improve. With increased confidence in the efficiency of the bureau the fear of unemployment will pass away, and with it the motive for saving, and consequent manufacture of crisis. A little unemployment there will always be—due to anarchy of consumption, but the bureau could easily handle that proposition.

132. This nation has at this moment a unique opportunity to introduce this reform. "Revolution" I ought to have said, for this change from individual to social thrift is nothing short of a revolution, which will entirely alter the whole social structure. But as the word "revolution" is associated in popular imagination with blood and thunder, even when the revolution revolutes nothing, I will be content to use the word reform. The nation is at this moment in a wave of unprecedented prosperity. The war in Europe has for the time arrested the stream of immigration which simplifies the work. For although in the long run, the need of the immigrants is sure to create work and thus balance the increased supply of labor, yet a sudden arrival of a few million people into the labor market just when we begin to re-arrange our affairs would seriously interfere with our plans, and obstruct the scheme of reform. There is a tide in the affairs of nations as of individuals, which if taken at the flood carries them to fortune. Such a tide we have at present—the opportunity is too good to repeat itself. The statesmanship of the American leaders, and the intelligence of the American workers is on trial. History will judge how they acquit themselves. I may add that the American capitalist has also been on trial. It is his duty as a capitalist, to prolong the period of transition, and postpone the hour of crash, so as to give the workers a chance to organize for the purpose of inaugurating this reform. Urged by an inexorable law, against which he cannot revolt even if he wanted to, he is trying his utmost to create work, so as to keep the wheels of industry running a little longer. He

has stimulated the demand for preparedness, for which there is no real justification from a strictly military point of view. But as a means of prolonging the period of transition, and of postponing the crisis, it is impossible to think of a better method. Whatever the purpose and motive of those who started the "preparedness" policy, it is no doubt rendering a very valuable service. It seems almost as if the Fates have conspired to abolish unemployment, by introduction of the Guaranteed Employment scheme, by offering every possible facility to inauguerate the reform.

133. There is one more objection to the scheme of Guaranteed Employment, which comes from the Socialists and which may therefore be taken up at this point with advantage. According to the Socialists, when capitalism is abolished and when the workers own the means of production, they will solve the unemployment problem. What this objection exactly means I do not know, and I have not yet met a Socialist who feels the need of making it clearer; there is their objection: take it for what it is worth. If they mean by it, that when the workers own the means of production they will have the power to solve the problem, I should certainly agree with them, but in this case there is no objection to answer. They need not try to prove that they will possess that power; their power is not in question. Why talk of the power they will have after they own the means of production, when I concede that they have the necessary power even now. Of course, I realize that they are no more conscious of their power, than the elephant is of his. My function is not to give them any new power, but to awaken them to the power they already possess. If they cannot use the power they have now, neither will they, when they have more power in future. Unconsciousness of power is ever the strongest chain that ties the beast to his master's yoke. More power may produce more service, but it does not necessarily lead to more freedom. If the worker will not emancipate himself now when he has all the power he needs for the task, **neither will he do it when he has more power, because the spirit of freedom is not in him.**

134. But if the Socialist means by that objection, that the worker lacks the power to solve the problem now, and that no solution of the unemployment problem is possible at pres-

ent, then I shall first ask him to prove it. It might be a objection worth a serious consideration, if it were true; bu is it true? Where are the proofs? I have shown that capita ism is not the cause of unemployment, and therefore its abol tion is not necessary for the solution of the problem. If as result of the abolition of unemployment, capitalism passe away, let it go—I do not think I would go into mourning, an lament its death. If on the contrary it manages to live an serve society in some other way let it stay. I have no quarr with it. I am neither for it nor against it. But even assum ing for the sake of argument that my line of proof is not su ficient to convince the Socialist, and assuming that in his opin ion our efforts will fail, what then? Even then there is no ob jection to the scheme. If the workers, united as workers fo economic emancipation, fail, the mere process of welding to gether the conflicting elements into one solid mass, with common interest, and a common purpose, will still be a decide gain; what has the Socialists to say to that? Whether th scheme succeeds or fails, the Socialist, for one, can have noth ing to say against it.

135. Lastly, if the objection means, that after the worke gets possession of the means of production, the unemployme problem will be solved so easily, that it would be a waste o time and energy to solve the problem now, then,—what then If this argument means anything at all, it means that all in dustrial demands of the workers are a waste of time an energy. Under Socialism the work-day will be much shorte than at present—four hours or perhaps only two hours, a cording to some authorities on this subject. Does it mea that the movement for eight-hour-day is a waste of time an energy and that the Socialists must oppose this movement Under Socialism as they claim there will be no child labor, n sweated labor, no adulteration. The women will have th right to vote; the children will have free education, the ol will be pensioned,the industries will be safe and sane—no fir works in the clothing industry, or water works, the stock ma ket. Is that a reason why these things should be tolerate without a protest now? Why should the Socialist fight shoul er to shoulder with the trade unionist, the I. W. W., and th

suffragist, and refuse to co-operate with the army for abolition of employment.

136. As a matter of fact they are not opposed to an attempt to solve the unemployment problem now. The national platform has, "relief of the unemployed," as one of their express demands. The opposition to this scheme from the Socialists, if any, will be only from such Socialists as do not know what they are talking about. There will be no objection to the scheme of Guaranteed Employment from Socialists who understand Socialism. If you hear a Socialist opposing a Guaranteed Employment scheme to be introduced right now under capitalism, do not waste your time and his time in arguing it out; tell him to go and read his National party platform.

"Unemployment.

"The immediate government relief of the unemployed by extension of all useful public works, all persons employed on such works to be engaged directly by the government."—National Socialist Platform, 1912.

Does it look very much like an opposition to the Guaranteed Employment scheme? No, the Socialist—if he is really a Socialist—cannot be opposed to the scheme as a whole, though we will have differences on matters of detail.

137. There are a few other objections to the Guaranteed Employment scheme but none of them are very serious. They are mentioned here only with a view to exhaust this part of the subject. First among these is the moral effect of the Guaranteed Employment scheme. It is urged that this system will tend to make men lazy. It will be a factory manufacturing loafers. People will leave their present employments and seek employment under the Guaranteed Employment Bureau. The objection is easily answered, once you accept the principles that underlies the formation of the bureau. For example the bureau may have powers to hire out help to employers and to receive commission. The employee will in this case have nothing to gain, for the bureau will probably send him to the same work and keep a part of the salary as commission. By leaving his place the man will have to do the same work on less salary. In some cases, however, the sys-

tem will have a distinct advantage, as for example when the wages are unreasonably low; for the effect of the bureau will be to raise wages. The employer must either raise the wages or close his work. If the work is of an unprofitable character, depending for its existence on the low wages of helpless workers, the sooner it is stopped the better. If on the contrary the work be necessary and profitable, the employer will pay higher wages to retain the workmen in the very beginning or will let them go and take them back from the bureau on higher wages. In most cases the employer will prefer the former course. The idea that the bureau will encourage laziness is a mistake. The bureau will make every possible effort to find work and when everything fails they may even have recourse to digging holes and filling them to keep the men busy. There will be no need of going to this extreme but it is necessary to be prepared to answer all objections, real and imaginary. But as mentioned before there will be no need of such an extreme provision for the bureau will have enough profitable work on hand as will be explained in another series of lectures.

138. Another objection against Guaranteed Employment scheme is that nobody will make an effort to find out work for himself. Everybody will simply walk to the bureau and get employment—perhaps for doing nothing—when just at this moment he might be wanted somewhere for work. On the one hand there will be men without work getting wages for nothing and on the other hand there will be work without men to do it. It is rather a strange sort of objection to deal with, for it is no objection at all; it is one of the merits of the scheme that has been presented in the form of an objection. Let us compare what happens today with what would happen under the Guaranteed Employment scheme with a concrete illustration. A window cleaner leaves his home in the morning and goes from door to door in search of work. He has to walk down a whole street before he comes to a house where he is wanted. After finishing his work he goes tramping again before he comes to the right place once more. He is busy the whole day, but half or more than half of his time is wasted in hunting for work, and only the other half of his time and work is spent profitably. And yet perhaps beyond the place he stopped after a day's work was a house which had

needed cleaning very badly, and which has to wait until chance brings this or another window cleaner that way. With the bureau system the houses that need cleaning will have only to send a card or a telephone call, and the window cleaner instead of wasting his time in tramping from door to door will receive his orders from the bureau and go straight to the work. He will do more work with less expenditure of time and energy and the people will therefore get their work done cheaper.

139. That nobody will make an effort to find work for himself is no objection at all: nobody ought to be expected to do it. Time and energy spent in doing useless work is foolish waste; it produces no useful results. Every sensible man will try to invent means to avoid it. What are the "want ads." in the newspapers for? They are intended to minimize the waste in seeking work, and as far as they go, they are doing their work well, but they are far from sufficient to meet the requirements of a complex society in which division and subdivision of labor has extended to every department of work. I do not mean that the bureau should not allow anybody to go in search of work for himself if he chooses to do it; everybody will be free to do it then as he does now. But nobody would care to do it because it is a foolish waste and has no compensating advantage. We might as well have argued before the streets were indicated by name plates that such an arrangement should not be introduced for the people would no longer run up and down streets and ask every person for name of the street, but would depend upon the plates for information.

140. Hunting for work is undesirable in every way; apart from the economic waste of time and energy in search of work, apart from economic loss due to unemployment of productive power for want of work, the effort of searching for work has a highly demoralizing effect. A man who can not get work after the first few attempts is at first discouraged, then disheartened, then follows a loss of self respect. He begs for work almost as if he were begging for food; at this stage is a parting of ways, if bold and unscrupulous he becomes a criminal, if a coward he becomes a loafer, if neither he becomes a sort of cross between a loafer and a criminal; he borrows without definite intention of repayment and has not even the sense

of gratitude which a beggar might feel for what he receives as charity; he becomes a parasite, a shark, a faker, whatever he can invent safe enough and yet dishonest enough to make him a criminal from the moral but not from the legal point of view. Or unable to bear repeated disappointments he seeks solace in drink, keeps in low, demoralizing company. If he gets work at this stage, he is generally so far demoralized as to be unable to keep it. If on the contrary he chances to get work at the very start or soon afterwards, he generally gets puffed with a false sense of exceptional ability to which he attributes his success. He arrogates an attitude of contempt towards his less fortunate rivals whom he regards unworthy of success and deserving the calamity that follows as a just reward for their incomptency. The victims of failure are disheartened, the victims of success become heartless. Who are the greedy capitalists? They are merely the victims of success in this struggle for work. Far from being a disadvantage I should think that the end of individual effort to find and secure work,—the end of struggle for work, will be a great moral and economic advantage, and this alone even if there were no other advantage, should be sufficient to justify the formation of the Guaranteed Employment Bureau.

141. Unemployment together with individual responsibility for work, lends itself as an excellent tool in the hands of business sharks for purposes of extortion and demoralization. I have read of some employment bureaus that have their offices in league with saloons. I have also read that in some of the states the practice is being discontinued by law. It is a good thing for law to prevent such demoralizing practices if it can, but I fail to see how a law can prevent secret touts employed by saloons to bring unemployed men with promises to help them. These touts are always on the lookout for men out of work; they offer their help by way of introduction to some person whom they expect to meet at the saloon. The rest of the story is easily conjectured and need not be narrated in details. The conclusion in most cases is the acquirement of drinking habit, with or without an employment. If the incompetent alone were unemployed, it would be bad enough; if competent men were out of work for a time, it would still be tolerable, but unemployment degenerates competent

men and makes them incompetent, not simply by want of use and exercise, but by setting on foot certain demoralizing powers, who themselves are also victims of unemployment. Economic loss due to unemployment is threefold, firstly due to wealth producing power compelled to remain idle; secondly due to wealth producing power destroyed by degeneration, and thirdly due to wealth producing transformed into wealth destroying power, as the only means of escape, by men of heads without hearts, who create and let loose powers of destruction in order to escape unemployment for themselves. On the other hand there is absolutely no advantage, moral or economic, in our present system of each man trying to find work for himself; so long as he does the work when he gets it, it makes no difference how he gets it, either by his own effort or with the help of a bureau. In fact it makes a little difference the other way: A man would prefer to work a whole day without a meal if circumstances require it, but spending a day in search of work without any definite prospect in future and with a memory of disappointments in the past is positively hateful to every worker. The Guaranteed Employment Bureau will put an end to all these evils at one sweep.

142. Another objection to the Guaranteed Employment scheme is that it will encourage extravagant habits. People will cease to be frugal and spend as fast as they earn without trying to save anything. If by extravagance is meant indiscreet expenditure it is not a very serious question at all, and besides a general education, there is no need to make any provision. Such extravagance carries its own penalty which is just sufficient for the purpose. If a man spends a dollar today attending the theater, he will have a dollar less tomorrow and will have to forego some comfort or necessity. A little discomfort of this kind will not do him much harm, but it will be just enough to teach him to be careful and balance his present desires against his future desires and choose accordingly. But any system that throws all the weight in favor of the future and forbids all expenditure except what is absolutely necessary to keep body and soul together is not a desirable system. The objection that people will be extravagant, if that is meant that they will no longer be miserly, is no objection at all; we have here once more one of the merits

of the scheme presented in form of an objection. Economy is not a virtue by itself, it is a virtue in so far as it serves to avert a greater evil; when there is no evil to be averted, it is no longer a virtue. In a malerious district every person has to keep a sufficient stock of quinine and laxatives. What would you think of a scheme of sanitary reform opposed on the ground that, with improved sanitary conditions there will be no maleria, and people will no longer be careful enough to keep a stock of quinine. The most important object we have in trying to save, is to provide for future need, if the future need is better provided for, by the scheme I have suggested, there is no reason why anybody ought to suffer privation when he has means wherewith to live a comfortable life. Why should a man starve himself on half meals, live in cold rooms in winter, and go about in a seedy hat or patched boots, when he has money enough to pay for a full meal, a fire, or for buying a new hat and boots? If he behaves like this today it is because he has no guarantee of earning anything tomorrow; he prefers to live on half a meal today in order to avoid a possible no-meal tomorrow. He only chooses the lesser evil. Economy in this sense is not a virtue; it is only a lesser evil. I have called it "a lesser evil" because from the individual's point of view it is the lesser evil; but from the social point of view it is really the greater evil because it keeps other people out of work, and that it perpetuates itself. Every man who tries to live on half a meal keeps the farmer, the miller, the baker, and the carrier out of work to that extent. I do not blame the poor half starved wage earner for his economy: He is acting under pressure of necessity, but I blame our social system which creates the necessity and I blame the leaders of society who insist on perpetuating it in the name of virtue.

143. But the poor man practicing economy is not the only sinner in this respect. The rich do the same thing. If the poor man stints himself of bread, the rich stints himself of automobiles. The manager of a factory who gets $1,000 a week is content to spend only $200 and keeps away $800 as savings for future use. A rich man who would have a dozen automobiles and does not; who would buy a string of pearls for his wife and does not; who would build a palatial house for his monkey and does not, does on a large scale

what the poor does on a small scale, viz., to keep a large number of willing workmen out of work. I do not blame the rich man any more than I could blame the poor. He too is acting under pressure of necessity; with a guaranteed income, he too would spend as fast as he earned and there would be no such thing as manufactured unemployment.

144. At this point I must digress a little to criticize the unreasonable attitude of the [15]church on this question. It attributes the economic difficulties of modern civilization to the modern spirit of extravagance and preaches a simple life as a remedy. I can understand Jesus Christ preaching simple life and denouncing extravagance. When he preached, there was no science of economy and no unemployment problem. He could regard the subject from the moral point of view alone, and from the moral point of view he was certainly right. If the church had preached simplicity as a moral discipline, and denounced extravagance as a moral weakness and stopped there, I should have nothing to say against it; but when they preach simple life as a **remedy** for the modern economic disease, they are committing one of the greatest blunders that demands immediate correction. Every act of extravagance is work and wages to somebody; every act of self-denial is unemployment to somebody. From the economic point of view extravagance is extremely useful in relieving the unemployed; it is a partial solution of the unemployment problem. Any return to simple life would be a serious calamity.

145. "But," says the representative of the church, "should we preach to the people to ignore the claims of morality and to practice extravagance for the sake of its economic blessings? Or should we preach both extravagance for the sake of economics and self denial for the sake of moral discipline? Why should economy and morality be at war with one another? True economy ought to be in conformity with the true morality. The third question I will answer later, but as to

15. The following is a sample of church-logic on the economics of modern society and its relation to the labor problem: "The controversy at Lawrence is but a manifestation of the National disease of **extravagance** and selfishness. Our people have forgotten simplicity and are living at a reckless rate."—Rev. Dr. J. DeNormandy Roxberry.

the first two, I confess my inability to answer them; I only plead that I am not responsible for an answer. You placed yourselves in an impossible position; you adopted an impossible combination of two incompatible ideals as the basis of your social structure and you insist on maintaining that absurdity; an absurd hypothesis must always lead to absurd conclusions, and you must now be prepared to meet the situation in which you find yourself. It is a well known law of mathematics that a surd introduced in an equation cannot be got rid of by any amount of transposition. You can shift it from one side to another or from the numerator to the denominator and vice versa, but you cannot get it out of the equation and so long as it remains, the equation cannot be solved. The only way to solve the equation is to square the surd, nothing else can be used as a substitute. In our social problem we have introduced a surd. The injustice of receiving employment without giving in return, is the surd; nothing but a fair and square justice can remove the surd. If you try to return employment in any other way you have to be extravagant. If you cease to be extravagant, you create so much more unemployment. If you obey the moral law, you violate the economic law, if you obey the economic law, you violate the moral law. To preach simple life and practice extravagance is about the only thing you can do now, and if appearances could be trusted, you have made a glorious progress along this line.

146. "Why should morality and economics be at war?" was one of your questions. True morality and true economics ought not to be irreconcilable under normal conditions, both ought to dictate the same policy, but we are not living under normal conditions. In normal state of health the taste of a person may be relied upon in determining what is good for his health, but a morbid taste developed under abnormal conditions would be utterly irreconcilable with the requirements of health. In adopting thrift as an ideal we have introduced abnormal conditions. Receiving employment without giving it in return, is contrary to the laws of morality, creating unemployment as the method of preventing it is contrary to the laws of economics. We have allowed the framework of our social structure to be warped on both the moral and

economic sides and nothing but a squaring up of the distortion can help us out of the dilemna.

147. One of the bitterest cries against modern economic conditions is the cry against the unequal distribution of wealth. It is the inevitable result of the iron law of need and counter need,—popularly known by the misleading name, the law of demand and supply. It is not because the capitalist is greedy, or heartless or unscrupulous. Even if the capitalists were to take an oath to be clean capitalists, and to stand by it, taking nothing in excess of what is conceded as "just profit," even then the unequal distribution of wealth could not be averted. The instinct of extravagance serves to a slight extent to counteract this inequality. The extravagant capitalist robs himself of a part of his opportunity centered in his wealth, and gives it to somebody else. But it is often said that the capitalist robs his workers in order to be able to spend his large profits in extravagance; he ought not to spend the wealth so obtained in dissipation. In answering this objection I must note that we are now discussing the question from a strictly economic point of view and any reference to the moral aspect of dissipation would be out of place. Suppose a millionaire robs his workmen of half their wages and spends them in building a palatial kennel for his dog. He robs half of a loaf from his weavers and gives it to his mason. But for this act the weaver would have been a trifle better off and the mason would have starved to death for want of employment. The extravagant capitalist equalizes the distribution of wealth between the weaver and the mason. In other words extravagance is not the cause of econoic evil, on the contrary it is a partial remedy.

148. Now to return to the question regarding savings: Saving is not a virtue by itself, it is only a remedy against a greater evil. To oppose a reform intended to put an end to that evil on the ground that the remedy will no longer be needed is either wicked or foolish. Even as a remedy it is absolutely worthless. It creates more harm than it cures. Every dollar saved keeps somebody out of employment, who in turn is compelled to keep somebody else out of work. Every dollar that is saved is the first link of a long chain of unemployment, and the whole society,—including even the capital-

ist,—is enslaved by fetters of its own making. Now and then an extravagant capitalist ventures to break a link of the chain by giving employment to others without any real need—just for the sake of some real or fancied pleasure, and the voice of indignant society denounces him as a malfactor. Citizens of the United States are you awake? Unemployment is the sole cause of wage slavery and misery of the wage slave. The capitalist has not created wage slavery. On the contrary he does something to equalize wealth and to mitigate the rigor of the slavery. If he does not do more than what he is doing at present, it is because he is himself a wage slave of others and a victim of unemployment. There is only one cause of wage slavery: viz., unemployment actual and prospective; there is only one cure for wage slavery, viz., Guaranteed Employment. There is no other way out of this hell on earth.

UNEMPLOYMENT MUST BE DESTROYED.

Capitalism and the Wage System

"Be content with your wages."—Luke III:14.

149. Thus far we have discussed the question from the workers' point of view only. Where does the capitalist come in? Will he be friend or foe? Will he help the movement or will he throw obstruction in the way? One thing is certain, that either as a friend or foe he represents a power that cannot be overlooked. We cannot afford to ignore the capitalist. This brings us face to face with Socialist philosophy. It would be more correct to say, 'Anti-capitalistic Philosophy,' for the views to be discussed in this and in some of the following lectures, are held by the followers of several other schools of sociology besides Socialism. But whatever their differences in other respects, they all agree in their criticism of capitalism. Any one of these schools may therefore be taken as representative of all others. I have preferred Socialism, not merely because it is numerically the most important, but also because it has a copious literature, and an extensive organization for propagation of that literature. It is therefore necessary to define the term "Socialism," so as to include all these systems of philosophy, without doing violence to any of the current definitions. Socialism, in its broadest sense, is an ideal state of society, where each worker will receive the full produce of his labor; or when the production is complex, depending upon the combined labor of several persons, each person will receive his full share in value, of the total joint produce, his share being measured by the amount of labor he was required to contribute. A Socialist according to this conception, is a person who avows this ideal, and strives to bring about a state of society in which this ideal will be realized, so that every worker will receive the full produce of his toil, or its equivalent in value. The term "Socialism," when used in the sense of a philosophic system, means a system of social and economic philosophy, with "full produce to workers" as

its objective. The [1]"Socialist" in the narrower sense, stands for public ownership and democratic control of centralized means of production, as a method of reaching that ideal. In a still narrower sense, a Socialist is a member of one of the political parties in any country, such as the Socialist party, or the Socialist Labor party, in the United States. None of these definitions include "Scientific Socialism," for the simple reason that scientific Socialism is not any kind of Socialism at all. Scientific Socialism is an analytical study of social evolution. It is a pure theory, and is not tied down to any particular ideal.

150. As I said before, capitalism is a power,—an immense power. In popular Socialism it is regarded as a power of evil, and an unmitigated evil, or when discussed by Socialists who are leniently inclined, it is at best regarded as a necessary evil. Every Socialist argument begins with an indictment of capitalism, and the overthrow of capitalism is then a necessary and legitimate conclusion. This sort of reasoning is wholly unscientific. No good has ever been done by indictments and anathemas. We know electricity is a great power and in its natural state is almost always a power of evil. The same is true of other natural forces. But much as we may lament the havoc caused by lightning, floods and cyclones we never indict them; we study them. We try to unravel the mystery of their laws of operation, and when we discover the laws we do not rebel against them or try to overthrow the powers, or to violate the laws of nature, we obey the laws and adapt ourselves to them, so that by obeying nature we command and control her. Our duty then, is not to indict capitalism, but to study it. A scientist does not indict cholera. He studies it under a microscope and tries to discover what is not visible to the unaided eye. He does not indict poison, he analysis it and tries to understand its workings with an ultimate view of eliminating its evils by devising a means to make it leave the system.

1. "The **purpose** of Socialism is to give to the workers **all they produce** . . . . Socialists agree that the heart and soul of their philosophy lies in **public ownership** under democratic government, of the means of life . . . Public ownership is the rock upon which it is determined to stand or fall."—Allan Benson: Truth About Socialism, pages 18-19.

151. Among all the anti-capitalists, including the Socialists, the indictment of capitalism seems to have been the most favorite method from time immemorial. The Old Testament condemned interest, and the New Testament condemned profits, but with one solitary exception no Socialist writer from Isaiah to Moses Hilkowitz has ever felt the need to study capitalism, to analyze the process and conditions of capitalistic production. Capitalism is robbery, capitalism shall be [2]overthrown; this is the law and the prophets. The only exception I referred to is the illustrious Karl Marx. His most important work is not a glowing picture of the Socialist state, but a cold, mathematically precise study of capitalism. I do not want you to carry the impression that I follow Marx through thick and thin and that I am thoroughly in agreement with all his views. I am not. I do not accept the Marxian conception of value, nor do I admit his theory of the class struggle. But the most serious of my complaints against Marx is that he neglected the relation of the unemployment problem to capitalism. He had the ability and the opportunity

2. The following extracts are collected from **one single issue** of a Socialist paper. They illustrate the intensity of Socialist sentiment against capitalism. Who could expect an unprejudiced and scientific study of capitalism from persons in such an unscientific mood?

a. One touch of Capitalism makes the whole world shudder.

b. Capitalist reformers would regulate wage slavery while Socialists would abolish it.

c. Capitalist charity is like the vampire bat that draws the blood of its victim while it fans him.

d. Capitalism isn't a system—it's a bloody mess.

e. Clip the claws of the crafty capitalists by voting for Benson and Kirkpatrick.

f. Capitalism is a slaughter house in which the workers are the sheep.

g. Capitalism is the worker's greatest and only enemy and it exists only through his ignorance.

h. Capitalism is economic cannibalism.

i. Every dollar made in profits adds to the world's poverty and misery.

j. The art of making some men rich also includes the art of making other men poor.

k. Capitalism has no flag, but if it had it would have to be black in order to be appropriate.

l. Socialism demands much because the world is in need of much of which capitalism has deprived it.

to study the problem and he threw it [3]away. At one moment he had it almost between his thumb and [4]forefinger and let it go. The Socialists are loyal to Marx at least in this, if in nothing else, that like him they neglect the unemployment problem. But the purpose of this lecture is a study of capitalism, not a criticism of Socialism, much less of the Socialists.

152. What is capitalism. The mere possession of money is not capitalism, nor does it consist of purchase and ownership of things that can be used as implements of production. The essential feature of capitalism is profit, or rather the profit system. A capitalist may not always make profit, but if he expects or intends to make profit when he undertakes a work, his functioning in this capacity is sufficient to make him a capitalist. There are three leading types of capitalists; the money-lending capitalist, the merchant-capitalist and the manufacturing-capitalist. In the first case the capitalist lends money with or without security as he sees fit, and takes interest for the money loaned. This is the oldest type of capitalism and from which the others have been [5]derived by modification.

3. "**The question why** this free laborer (i. e., the **unemployed**) confronts him (the capitalist) in the market, **has no interest for the** owner of money; . . . . and for the present **it interests us just as little.**" —Marx, Capital, Vol. I, p. 188.

From the words "for the present" it would seem that Marx intended to take up this question later. For some reason he never took up that question again. As a tribute to his analytical genius, and spirit of fair-mindedness it is only reasonable to assume that he forgot.

4. See Lecture I Para. 15, Note 14; Para. 52, Note 31.

5. According to Marx, industrial capitalism is the fundamental, and the other two forms are derived types:

> "In the course of our investigation we shall find that both merchant's capital and interest bearing capital are **derivative forms,** and at the same time it will become clear why these two forms appear in the course of history before the modern standard form of capital."—Marx, Capital, Vol. I, page 183.

How Marx happened to fall into this error I am unable to explain. The fact that the other forms were historically prior to **industrial** capitalism ought to have put him on his guard, for a derived form must always follow the fundamental form, in time. It is possible, however, that by "derived form" he only meant economically dependent, in which case the error is reduced to merely a wrong choice of terms. In capital, Vol. II, page 63, he proves that industrial capitalism is the **predominating** type, and the other two are now **subordinate to and dependent on it,** which is certainly true, but this does not mean that they are "derived forms."

Suppose a money lender lends money to a hatter who has made a hundred hats, but who has not been able to sell them; the money lender lends the money and takes the hats in return as security against the time that the hats will be sold. After the sale of the hats the money lender recovers the money lent with interest. Now suppose that the money lender agrees to sell the hats and take in return for this service the difference between the money advanced and the price recovered: in this event you have the transformation of the money lender into the hat merchant. The term "money advanced" now supersedes the former term "money loaned" and the interest which is now indefinite in amount, together with the remuneration of the merchant for his task of selling, is called "profit." The hats are said to be "bought" in accordance with this operation. Now if the merchant were to take another step forward he would buy the hats before they were finished, buying them step by step as they are being produced, that is to say, in the process of manufacture. In this capacity he is called a "manufacturing capitalist." The money advanced is now said to be "invested." The money lender is the fundamental type of capitalist; merchant capitalist and industrial capitalist being the derived forms.

153. In a modern civilized society in which capitalism is the prevailing mode of production, **the capitalist performs a two-fold function; firstly, he performs the individual function of bridging the time-gap,** thus rendering a valuable service to the individual, and **secondly**, he **performs the social function of taking from the workers a part of their produce and of converting it into productive capital for future use**; in this manner he renders an extremely important service to society. The capitalist often performs, or rather is supposed to perform a third function, viz., supervision of industry, but this is a mistake. Supervision of industry is a labor [6]function, and even when performed by a capitalist is still a labor function. Imagine a diamond cutter rich enough to own his own diamonds and the machinery necessary to cut the diamonds;

6. He (Capitalist, as director and superintendent) creates surplus value, not because he performs the work of a capitalist, but because he also works, aside from his capacity as a capitalist.—Marx, Capital, Vol. III, page 450.

he would now be a capitalist and a laborer combined, but though he worked along side of his hired workers, we would not say that cutting diamonds was therefore a function of the capitalist; we should rather say, that this particular capitalist was also a laborer; cutting the diamonds is always a labor function, even when it is done by a capitalist—who for the time should be regarded as a laborer. In the same way, a capitalist who keeps his own account books, hires his help, or plans the alterations to his factory, is just to that extent a laborer. The proper fundamental functions of a capitalist are two and only two, viz., (1) **Bridging of time-gap,** and (2) **appropriation of surplus value for re-investment.** There are also some secondary or derived functions which will be considered later.

154. **What is time-gap?** Every individual is a consumer before he is a producer; he must consume before he can produce. You must put coal and water into an engine before you can take work out of it. You have to switch the current into a lamp or a fan motor before it can give out light or a breeze. A man is at best a machine, not only physically, but intellectually, as well. He must eat food from his birth during the course of many years, till his muscles are in proper condition to produce anything, even by the simplest type of manual labor. He must read books and consume the intellectual product of other men to get his education, before he can turn out any intellectual work himself. In all cases he must consume before he produces. **Individually, man is a consumer before he is a producer. This is the law of Nature,—law of God, if you please.**

155. **Socially, man is a producer before he is a consumer.** There are men who are recognized as consumers first, and some men who may not be producers at all, but society regards this as a breach of law, as something that must be averted or discontinued, as something that should not be tolerated, much less encouraged. Socially, man is recognized as a producer only. **To the producer belongs the full product of his toil:** That is our social ideal. It may not always be practiced, and we should have sense enough to know that it cannot be practiced,—but I will waive that point for the present; nevertheless, we still regard that as our social ideal. **A person who openly avows this ideal, "to the producer the full product**

of his toil," and endeavors to carry it to its logical conclusion is a [7]Socialist. Is this ideal right in theory and practicable in its application?

156. Whether the ideal be right or wrong, there is one thing certain, and that is, that **it is an impossible ideal**; it cannot be followed out consistently without making exceptions and modifications at every step. **If the produce belongs to the producer, then obviously, it belongs to nobody else, certainly not to one who has produced nothing whatever.** Therefore, a person who has not produced, he has no right to consume, for nothing belongs to him. If a man has not produced neither has he a right to consume. **According to our social standard, man must produce before he consumes. This is the law of man.**

157. Between these two laws there is a hopeless contradiction; it is impossible to reconcile them, and one of the laws must be violated. When the laws of man are in conflict with the laws of Nature, the laws of man must go overboard. Sexual affinity is a law of Nature. Suppose the laws of man were to regard such affinity as wrong, and that statutes were enacted to prevent all sexual-intercourse, or that the marriage system were to be abolished by law, what would be the result? The world would go on undisturbed. There would be secret

7. As stated before, the word Socialism is used here in the broadest sense, as will be seen from the following illustrations:

a. Under Socialism, the whole product of labor is to be distributed among the workers. Thus far we are orthodox.—Charles E. Russell, N. Y. Call, June 18th, 1916.

b. "We call upon our citizenship, ... to eliminate the injustices exposed by this commission, to the end that **each laborer may secure the whole product of his labor.**"—Page 156, Report of the Commission of Industrial Relations, supplemental statement by Frank P. Walsh, chairman.

c. Inasmuch as most good things are produced by labor, it follows that all such things of right belong to those whose labor has produced them . . . .. to secure to **each laborer the whole product of his labor,** or as nearly as possible, is a worthy subject for any good government.—Abraham Lincoln, (quoted by Frank P. Walsh).

d. (Under Anarchism) with the incubus of privilege removed, producers would retain all their product."—John Beverley Robinson, Economics of Liberty, page 106.

e. "Labor is entitled to all it produ es."—Joseph J. Ettor, Industrial Unionism.

marriages or open violation of the laws regarding sexual matters. The same thing happens to the economic law. The law of Nature requires consumption before production. The laws of man demand production first, the laws of man are therefore violated, for man could not live at all without violating such laws. If everyone who had not first produced were denied the right to consume, not a single baby in the world would live to be 24 hours old. The human law of "production first" has to be violated at every step.

158. And so it is violated at every step; there are various ways of doing it, but no matter what the method, the purpose is always the same: the revolt against the human or rather the inhuman law of "production first." All our social institutions are directed towards this revolutionary end, viz., the overthrow of the law of "production first." The oldest institution, the one that has persisted through all the types of civilization is the family. Within the family, the rule of production first, and also the underlying principle "to the producer belongs the full product" are wholly ignored; more than that, a family is compelled in all civilized countries to suspend this law to some extent; a man who does not support his wife and children will be compelled to support them by law, or by the force of public opinion. All charitable institutions (whatever their name or form) violate this law and are respected for this act of violation. A church that would refuse admission unless the person first pays the admission fee will scarcely be held in reverence. But neither the family nor the church, nor the charitable institutions suffice to overthrow the law; the law still prevails, and some systematic method of attacking it becomes necessary. Capitalism is one method directed towards this end; how far it has succeeded in performing this function is the question for our present study.

159. According to the law of Nature, man must consume before he can produce. **Need to consume comes into existence before the ability to produce.** According to the inhuman and unnatural social law, the **right to consume comes into existence after his produce,** therefore the need to consume always comes into existence before the right to consume. **The interval of time between the need to consume and the subsequent right to consume is the TIME-GAP.** This time-gap

may be short or long, it may be definite or indefinte, but in all cases it is urgent, and unless it is bridged in some way the individual will suffer, and the suffering may culminate in death. The need of bridging this time-gap is therefore one of the most urgent and universal of human needs. The only possible way to bridge the time-gap for any individual is by consuming what somebody else has produced, but since according to the social law no person has a right to consume the produce of others, he can only consume it by the producer's consent. In the family this consent is given by the older members through love, and affection. In charitable institutions it is given by the donors through a sense of real or pretended love for those in need. But there are many occasions where both these methods fail; the family and the charitable institutions are both unable to give to the full extent of the needs of the individual. Suppose, for example, that I desire to start my career as a dentist. My poor parents might be able to give me food and clothing during my boyhood, but they could not bear the expense of necessary college education much less can they bear the preliminary expense of starting me up in the profession, such as providing the necessary tools, furniture and other accessories, and yet unless I buy these first I could not produce the necessary service. I cannot be a producer first. I must be a consumer to a large extent before I can fill the first tooth. I might have the necessary ability and aptitude. Perhaps I am sufficiently gifted by Nature to become the ablest and most successful dentist in the nation. I would perhaps not rise above the mediocre but whether I will rise above or fall below is but a matter of conjecture. What the future has in store for me, this social law decrees, I shall not know because I have not "produced first."

160. Now there comes upon the scene the capitalist who loans me money. He helps me to tide over the time till I obtain my education, tools and equipment. In course of time, I produce according to my ability and return the loan. I also pay an extra amount as interest for the service he has rendered to me; he has bridged the time-gap. The question whether the interest is moderate and proportional to the service rendered, or excessive and out of all proportion to the

service, is certainly important, but it cannot be discussed at this stage. We are discussing at this stage only the nature of the service and not the amount of payment. The capitalist has bridged the time-gap and rendered a valuable service to me by lending me the money before I could produce anything. In other words, he enables me to **consume before I produce,** and he does it in defiance of the social law of production first.

161. The same thing may be said of the other forms of capitalism. A merchant who buys commodities from the producer is only bridging the time-gap. Suppose a farmer has produced wheat; he needs coal and blankets for the winter, and also other urgent necessities, but he cannot buy any of these things until he has first sold his wheat. The farmer is now confronted with the time-gap. In this case the time-gap is not apparent at first sight but it can easily be recognized with a little analysis. The time-gap does not only mean the time until a person has produced. The time necessary for the [8]sale must also be added, for he cannot consume before he buys, and he cannot buy before he sells. Or, we may look at it this way: the man has produced a thing according to his own ideas of production but not from society's point of view, because society does not consider a thing as produced in an economic sense unless it is of use to somebody who is willing to pay for it, and the only way to prove its usefulness is to try to sell it; if it is sold its usefulness is established; if it is not sold it is because nobody wants it, hence it is not useful and, from a social point of view is no production at all. I will not commit myself to the assertion that this method of reasoning is good logic, but good logic or bad logic it is logic employed by those who believe that to the worker belongs the full product of his toil. In any case the prolongation of the time-gap up until the moment of sale is indisputable.

162. A farmer who has produced wheat, but who has not yet been able to sell it is facing the time-gap. To tide over this interval he may borrow money from the money-lending-capi-

8. In a society where all products assume the form of commodities, these commodities must be sold after they have been produced. **It is only after their sale** that they can serve in satisfying the requirements of their producer. **The time necessary for their sale is super added** to that necessary for their production.

talist, and buy what he needs, and pay back the amount, after he has sold his wheat, together with interest, **which latter is but remuneration to the money lender for his services in having bridged the time-gap.** The merchant, in the mean time, may take the wheat as security and sell it in behalf of the farmer. Thus we see that the merchant is essentially a money-lender, the wheat which he buys being a security for the loan. According to the Socialist philosophy a merchant is only a parasite and takes profit for doing nothing. The fact that he inverts the relation of production to consumption and thus bridges the time-gap is frankly admitted,—sometimes, even the importance of the service is admitted,—and yet his right to remuneration for this important service is ignored!

163. The manufacturing capitalist is only a merchant in a more extended sense. A merchant buys finished product. A manufacturer buys unfinished product (raw material, machinery, labor power, etc.) In other words he buys goods in the process of the making. He thus bridges the time-gap a little more effectively than the other two types of capitalist, and he therefore now stands out as the most predominating type. The fact that the manufacturing capitalist bridges the time-gap is so evident that it should not need illustrations to demonstrate it, and still for some reason entirely incomprehensible to me, I have found that while many Socialists can see the time-gap and its bridging by the money-lender and by the merchant, they find it impossible to see any time-gap bridged by the industrial capitalist. Therefore at the risk of tiresome repetition I will give one or two further illustrations. Suppose that I am a chemist, and that I intend to invent a method of producing sugar from the pulp of corn cobs. Any chemist will grant that such a feat is not impossible, though it has not as yet been accomplished. As to the usefulness of such a discovery it is not necessary to argue, for it is perfectly plain that such an achievement would be far more useful than the making of diamonds from charcoal. In order to accomplish this result it may be necessary to experiment for a year or two, or, perhaps for five, ten, or even twenty years. During this time I shall need food, clothing and shelter. I shall need the necessary chemicals, machinery and scientific instruments such as the chemical balance or the polarizing microscope. I

shall also need books giving the results of previous endeavors of other chemists along this same, or similar lines. Lastly I shall need the help of a number of educated and uneducated laborers to help me in my investigation. In other words I must consume the produce of the labor of other workers before I can produce my formula for converting corn-cobs into sugar. The result of my work, if successful, may be worth ten times or even a hundred times the value of which I previously consume but whatever the result I must consume before I produce; I am confronted with the time-gap, and before I can begin my researches, this problem must first be taken care of. Be it understood that neither my parents nor any charitable institutions can help me, and even if they could it would be too much to expect of them. But a capitalist can help me, and he must help me if I am to undertake the venture, or rather if he counts upon the profit arising from my endeavor. He may lend me the money, or buy the necessary chemicals, machine and other equipment, and lend me its use. He may also give me as wages a sufficient amount to cover the cost of my living during the time of the experiment. And then, if the work is successful he will take the formula for what it is worth.

164. The same thing is true of all kinds of labor. **In every case there is the time-gap. The worker is willing and able to produce, but his produce lies in the future and is not available for immediate consumption, but he needs the necessities of life NOW**; between the time of his need at the present moment and his possible product of the future (including the future sale) is the time-gap. The wages, or rather the wage system, is the method of bridging the time-gap. This is why I am not opposed to the [9]wage-system. The Socialists say

9 .If laborer "B" is employed with surplus-values produced by laborer "A," then in the first place "A" supplied this surplus value without having the **just price of his commodity** reduced by one farthing, and in the second place, this transaction is none of "B's" concern. What "B" demands and has a right to demand is that the capitalist should pay him the **price of his labor power.** "Both sides are gainers; the laborer by having the fruit of his labor advanced to him (that is the fruit of the unpaid labor of others) before he has performed any labor, (that is, before his own labor has borne fruit.) . . . ."—Marx, Capital, Vol. I, page 642.

The quotation in the above is from Sismondi.

that they are opposed to the wage system. Can they explain why? Can they give one single argument against it? They cannot; at least, I have never come across their argument if they have any. I can understand a man being opposed to come particular phase of the wage-system; we might discuss fairly whether the wages should be by time work or by piece-work; we might well inaugurate a movement to stop sweated labor and to introduce a law to establish the minimum wage. On these and other cognate questions there is ample room for difference of opinion, but as to the question whether the wage system is fundamentally wrong there is no room for disagreement. There is nothing whatever that can be said against the principle of the wage system. There is room for improvement along many lines, indeed there is very urgent need of some improvement also, but there is no excuse for abolishing the wage system. The next step in economic evolution will not be the abolition, but the perfection of the wage system, or at least a step in the direction of such perfection.

165. The **wage system** is a system of production where the producer receives as remuneration a stipulated wage for his services, the whole produce of his labor being surrendered to the employer in exchange for the wages. Wages, according to Marx is the price of labor power; I should define wages as price of effort. The two definitions are nearly, but not quite identical. Effort is only the use or application of labor power towards a useful end. Therefore to this extent the two definitions are in agreement, but they differ in this, that the Marxian definition refers to the wage system as it is, or rather as Marx thinks it is, while my definition refers mainly to the ideal wage system, that is to the wage system as it should be, and therefore also to the wage system as it is in theory, but not in fact. My definition approximately applies also to the wage system as it is, but in this respect it is no worse than the Marxian definition, for that definition also applies only approximately to the present wage system. My definition presents an ideal or objective towards which we may direct our efforts; the Marxian definition supplies no objective, and in the absence of a definite objective, the modern Socialist revolts against the wage system as a whole, and therefore unknowingly against the philosophy of scientific Socialism, and

turns back to the old ideal of "to the producer the full produce."

166. "Wages" in theory is and in practice should be the price of effort, and a perfect wage system would be one in which each individual would receive as wages an amount proportional to his effort, no matter how much or how little his produce should be. The wages under such a system will not depend upon his success, but only upon his effort, the more strenuous and earnest the effort, the higher the reward. At this stage there would arise the question as to how the effort should be measured. By what chemical balance could the efforts of a hod-carrier be measured with those of a watchmaker? Which constitutes the greater effort, that of the chemist who by patient and carefully executed experiments supplies the basis of a new theory of matter, or of a mathematician who analyses the data supplied by the chemist, and toils with lengthy equations which represent that new theory? Which needs more nerve, the dare-devil leap of a movie-actress from a railroad train into a roaring torrent, or the continuous facing of death from day to day in a white lead factory? How could you apportion wages according to effort when you do not know how to measure effort? I must frankly admit that I am unable to answer these questions. I wish I could, but I cannot. I must acknowledge my inability without qualification or evasion. But with my acknowledgment I must also add that the time to answer them has not yet arrived, and my failure to answer them therefore has no significance whatever. We are nowhere near the promised land; we are yet far away in the wilderness and it is idle to discuss at this time how the Jordan should be crossed. When we reach the Jordan we shall see. Maybe, the power that leads us and guides us up to that point will also part the waters for us, that is, if you are disposed to be a fatalist or inclined to believe in miracles. Or we might take a rational and scientific view; the engineers in charge of the expendition will study on the spot the river bed and the banks and construct a bridge. Suffice it to say, that the time to discuss that question will be when we reach there, not now. I am not discussing the perfect wage system at this stage. Our present duty is to make the wage system better than it is today. When the time to introduce the perfect wage system comes, the men whose duty and privilege it will be to

meet the problem, will do their duty as best they can. Our duty now, is to take a step towards the perfect wage system, not a step away from it, by abolishing it entirely, and by going back to the good old plan, that they may take who have the power, and let them keep who can. The Guaranteed Employment system is in no sense a perfect wage system, but neither is it final. When in the course of evolution the time to inaugurate the perfect wage system comes there will also be men fit to undertake the task. To me has been assigned the humbler task, to bring to you the message of hope and inspiration, and to awaken you to possibilities of the glorious day when,

"No step will walk with aimless feet
Not a soul shall be destroyed
Or cast as rubbish to the void
When God has made his file complete."

From two to five million men of all trades and professions, willing to work, able to work, and yet unable to find an opportunity to work, tramping the streets with aimless feet from day to day, cursing the day when they were born, and willing to sell their souls for a piece of bread, cast as rubbish upon the industrial scrap heap of modern civilization! Is this a very inspiring sight! Now weigh against this a system where every willing and able worker is provided for. No more aimless feet; not a soul to be bought for ten cents; no men, women or children to be thrown out and degenerated into unemployables. How do the two systems compare? Who is there that will be opposed to the Guaranteed Employment scheme and turn back to the "full produce" game with all the horrors that it means?

167. "Full produce system" with all the horrors that it means; that is exactly what I say. This is no idle rhetoric. I repeat every word deliberately to show that I mean what I say. **If to the producer belongs the full produce then it belongs to no one else.** You cannot escape this conclusion. It belongs to him for use, for hoard, or to throw away or to trade with another person on such terms as he chooses for himself. If it belongs to nobody else, nobody has a right to use it. Therefore a man who has not produced has no right to consume. But a man has to consume first, this is the law of Nature, and **therefore he must first obtain the right to consume by trading away his right to his future product,** for that is al

he can trade with,—that is all the exchangeable assets that he possesses. This is capitalism, and capitalism of the most atrocious type, and yet the Socialists will tell you, that their ideal is "the full produce to the producer." It is an old story—the world has suffered more from the hands of honest, well-meant, earnest fanatics than from villians. The religious wars, and the Inquisition were not invented by wicked men who enjoyed the sufferings of the millions. They were results of honest efforts of very sincere fanatics who meant to do well, and many of whom themselves went to the stake rather than cause suffering to others, but they thought they were doing good. They worked in the name of Jesus, and they sang, "Peace on earth, good will to men." In spite of all the wars and other evils that they set on foot they still deserve to be forgiven for they were sincere and knew not what they did.

168. The Socialists mean well; their sincerity is often above suspicion, and their enthusiasm is admirable, but their narrow mindedness and dogmatism is regrettable. If they have advocated the doctrine of "full produce" it is not because they are wicked and want to cause suffering, it is because they are not awake to the full measure of the evil which that doctrine involves. They cry out loudly demanding that the wage system be crucified, and that the full produce system be released, because they know not what they do.

169. The "full produce system" is essentially [10]anti-social. It is individualism carried to its bitter end. It is at the root of the system of private property against which the Socialists are thundering anathemas. If to the producer belongs the full produce, then it **belongs to him and to no one else.** If I produce a new anti-toxin it belongs to me. Society may be scourged by a plague, and men and women be dying in thousands, but what is that to me? I have no use for all the anti-toxin in my possession, but that makes no difference. The

10. "As a matter of fact this traditionally Socialist standard ('the right to the full produce of one's labor?') is not Socialistic at all, but the essence of individualism. . . . . The persistence in Socialistic thought of the demand for the 'full product of one's labor' is a survival of primitive handicraft individualism."—Skelton, Socialism, a Critical Analysis.

people must buy it from me and on terms dictated by me, or go without it. If Socialism ever succeeds at all it will be not by adhering to the doctrine of full produce, but by [11]abandoning it. It is one of the ironies of history that Socialism should advocate the most anti-social doctrine, and that industrial capitalism should be the first to give it a practical challenge.

11. According to John Spargo, when the Socialists talk of "full produce" they don't mean it. But, the stupid opponent of Socialism, "the average man," misconstrues this shibboleth, as he misconstrues also the other shibboleth, (abolition of wage slavery.) (See note 12 infra.) But if these phrases are misleading, and liable to be misunderstood by the "average man" why insist on using them. Surely the English language is rich enough to permit the use of words capable of expressing correctly what they are meant to express. If the first use of these phrases was the result of unlucky choice, due to unguarded error, fifty years time is more than sufficient for revision, and substitution of appropriate phrases. The fact seems to be, that, the Socialists have, with good intentions no doubt, accepted the doctrine of full produce in all earnestness, in blissful ignorance of its true character. The leaders in the Socialist movement who know better but who lack the courage of their conviction, are playing the facing-both-ways game, trying to be scientifically correct, and unscientifically popular at the same time For example, Morris Hillquit has evidently abandoned the full produce claim, and yet he tries to maintain a semblance of the orthodox Socialist ideal; " . . . . social justice shall be established by returning to the working population **as a whole,** the full product of their labor. . . ." Note the words "as a whole." According to Hillquit's conception of justice there is no need for each individual worker to get the equivalent of his share, no matter how much or how little he produces. He (Hillquit) will be satisfied if the **workers as a whole** get the full produce, irrespective of how it is distributed among the workers. If a man producing ten cents gets nearly one thousand dollars, and ten men producing one hundred dollars each, get ten dollars each, it would be, according to Morris Hillquit, an equitable distribution in conformity with his conception of social justice, provided the total, one thousand dallars and ten cents remains in the hands of the eleven workers. Mr. Morris Hillquit has (perhaps unintentionally) made a sorry mess by trying to mix individualism with Socialism. The doctrine of full produce is individualism. Equal, and equitable treatment of workers, singly and as a whole, is Socialism. The full produce to workers, **as a whole,** is neither the one nor the other. It is just a sample of meaningless rhetoric.

Incidentally I may note at this point that [12]scientific Socialism does not take its stand on this absurd doctrine. [13]Marx never advocated such an outrageous system. In the Communist Manifesto he advocated, or rather forecast a state of society "in which free development of each is the condition of the free development of all." Engels speaks of it as a state in which **means of production are free,** and man also **free.** (Socialism

12. "Sociaists are too often judged by their shibboleths rather than by their principles which those shibboleths imperfectly express, or seek to express. Declaiming rightly against the wage system as a form of slave labor, the 'abolition of the wage slavery' is forever inscribed on their banner. The average man is forced to the conclusion, that Socialists are working for a system, in which the workers will devide their actual products, and then barter the surplus for the surplus products of other workers. . . . . Karl Kautsky, perhaps the greatest living exponent of modern Socialism, has made this point perfectly clear. He accepts without reserve the belief, that wages, unequal and paid in money will be the method of remuneration for labor in the Socialist regime."—John Spargo, Socialism, page 315.

Question: What does Spargo mean by "average man"? Does he mean average Socialist, or average non-Socialist?"

13. **"Marx never argued that producers of wealth had a right to the wealth produced** The 'right of labor to the whole of the produce' was, it is true, the keynote of the theories of Ricardian Socialists. An echo of this doctrine appeared in The Gotha programme of the German Socialists, to which reference has already been made (see supplementary note below) and in the popular agitation of Socialism in this and other countries it is echoed more or less frequently. Just in proportion as the ethical argument for Socialism is advanced, and appeal made the sense of justice the rich idler is condemned and the ethics of distribution based upon production becomes an important feature of propaganda. **But Marx nowhere indulges in this kind of argument. Not a single line of 'Capital' or his minor economic treatises, can any hint of the doctrine be found.** He invariably scoffs at the 'ethical distribution' idea."—John Spargo, Socialism, page 229.

SUPPLEMENTARY NOTE—"It is true that such phrases as 'Labor is the source of all wealth' are constantly met with in the **popular literature on Socialism.** So far as that is the case it is not due to teachings of Marx but rather in spite of it. In the writings of the early Ricardian Socialists, these phrases abound, but **nowhere in all the writings of Marx, will such a thing be found.** For many years the opening statement of the programme of the German party contained the phrase, 'Labor is the source of all wealth and all culture,' but it was adopted in spite of the protest of Marx. The Gotha programme was adopted in 1875, a draft was submitted to Marx and he wrote that is was **'utterly condemnable and demoralizing to the party.'"** —John Spargo, Socialism, page 225.

Utopia to Science.) While Marx and [14]Engels have only ignored the full produce doctrine, Kautsky expressly repudiates it as being anti-Socialistic, and an inheritance from the Bourgeois mode of [15]thought. But though this doctrine is foreign to and incompatible with the philosophy of scientific Socialism, it is the Socialism of the rank and file. It is the Socialism of Benson, Hillquit, Russell and Kirkpatrick. It is the Socialism of the American Socialist, the New York Call and the Appeal to Reason. It is the Socialism of the majority of the Socialist voters of the United States. This is the reason why I have taken so much time in dealing with it.

170. Or there is another possibility; it is possible that I have misunderstood Socialism, and that the Socialist doctrine of full produce, means something entirely different from what I understand; in other words I am unknowingly attacking a nightmare Socialism of my own creation. In order to leave no room for needless misunderstanding, I submit a statement of the doctrine as I understand it. According to my understanding:—

(a) If a person produces anything singly and unaided, the full produce belongs entirely to him.

(b) If several persons produce anything jointly, the whole product belongs jointly to all.

(c) In such a case, the produce cannot generally be distributed. The producers are therefore entitled to the full value of the produce.

14. "In a society of private producers, private individuals or their families have to bear the cost of creating intellectual workers. An intellectual slave always commanded a higher price, and intellectual workers get higher wages. In an organized Socialist society, society bears the cost, and to it therefore belong the fruits, the greater value produced by intellectual labor. The laborer himself has no further claim. Whence it follows that there are many difficulties connected with the beloved claim of the worker for the full product of his toil."—Engels: Landsmarks of Scientific Socialism page 222. Quoted by Dr. Skelton, in Socialism: A Critical Analysis.

15. "'To each accordng to his deeds,' will always be found inapplicable. . . . . This notion, ... springs from the modes of thought, that are peculiar to the modern system of private property.—Kautsky's Class Struggle, page 139.

(d) All persons who have joined in the production, are entitled to a share of the produce, or of the value of the produce.

(e) In apportioning the share of the individual, each worker is regarded as being entitled to a share of the produce (or its equivalent in value) in proportion to the labor he is called upon to contribute, in order to do his part of work. (The actual amount of labor spent by the worker may be more or less than what is required of him; his share of produce depends not on the actual labor spent, but on the labor he is expected to spend under the existing condition of industrial development. This is technically referred to as "socially necessary labor" or more briefly "social labor"). Approximately speaking, the worker is entitled to a share of the produce, in proportion to his contribution of labor. Therefore a person who contributes no labor is entitled to no share of the produce.

(f) In computing the share of the worker, the word "production" must be construed in its most extended sense. It includes not only what is popularly understood by the word "production" but also the several auxiliary processes, such as production of raw material, machinery, tools, transportation, storage, sales, etc. It includes also the processes, supervision, control, initiative planning etc.

(g) Productive labor, does not include the labor of mere stockholders. Any share of the produce which is taken by the capitalist in the form of a profit must, therefore, be regarded as robbery. Labor spent in the process of, or auxiliary to, taking profit does not contribute to help production, and therefore does not create a right to a share in the produce. The profits of the capitalist must, therefore, be regarded as robbery, no matter how much labor he spent in collecting the profit. But what the capitalist takes as wages for supervision (i. e., when a capitalist happens to be also a supervisor) is not robbery; as a supervisor the capitalist is a pro-

ducer, and takes only the equivalent of what he produces (assuming for the sake of argument that he does not take for himself higher wages than those he would pay to a hired director or supervisor). The share of the worker is, therefore, in no way reduced by what the capitalist takes as wages of supervision. What the capitalist takes as profit, is what rightfully belongs to the several workers, whose share **is reduced by this** amount,

(h) The purpose of Socialism is to give to each worker the full produce of his labor in this sense, viz: **his share** of the total produce, in proportion to his labor, taking into account the equivalent shares of all other workers, who have contributed labor, **no part of the produce being deducted for payment to anyone who has not contributed his labor for the purpose of production.**

NOTE—1. It is generally conceded by all Socialist writers, that a deduction for the cost of maintenance of government is necessary, and that under Socialism, the share of the worker will be deducted by that amount. It is not clear whether such deduction is regarded as a necessary and unavoidable evil, or whether it is regarded as a legitimate apportionment, being the share of government employees for their share of labor in the form of administration, (administration being regarded as a part of "production" in its extended sense.) I am also unable to say whether this lack of clearness is accidental or intentional. It is certainly not due to a mere difference of views between different writers, for the same writer often endorses the two opposite views.

2. It is generally conceded also, that a second deduction will be made for the benefit of persons unable to produce. The need of such a deduction is always recognized, but the measure of their share, and the basis of their right is generally not clear. Whatever the basis of their right, it is certainly not "the producer's right to his own produce". (According to my analysis, wages should be the price of effort. In the case of persons unable to produce, the mere willingness to produce is the maximum effort, more effort than this, being impossible by the hypothesis of the problem. I should therefore consider these men as entitled to full wages, which should be paid to them from the surplus produce of other workers,

to which surplus the producers themselves have no right or title.)

3. A third deduction for public utilities, such as roads, parks, street lighting, etc., and a fourth deduction for creation of new capital, is also sometimes conceded. With the last concession, the doctrine of "full produce" goes entirely out of existence; but I am sure the average Socialist will refuse to admit, (perhaps even fail to recognize) the surrender implied by that concession.

This is what I understand to be the full produce doctrine of the Socialists. If this statement be not a correct presentation of their doctrine, then in spite of my earnest efforts I have understood nothing, and everything I have said against the Socialists is a mere waste of time and breath. It is the duty of the Socialists now to re-state their case, in simpler, clearer, and unmistakable words if they can, so as to preclude the possibility of a misunderstanding. In the meantime I must proceed on the supposition, that the Socialists have endorsed the full produce doctrine, in good faith no doubt, but without realizing what a demoralizing doctrine they had endorsed, and that they will cheerfully abandon it when they see their error.

171. The Socialists, as I said, are sincere, well meant and enthusiastic. If there is any person whose heart bleeds at the suffering and misery of the workers, it is the Socialist. If there is any field, from which volunteers for the fight for economic justice may be called, it is from the ranks of the Socialist Party. If there is anywhere today a religion of humanity and a gospel of brotherhood it is Socialism that is preaching it. How comes it then that these same Socialists have taken for their motto, as it were, the most anti-social doctrine, "to the producer belongs the full produce of his toil?" It is no answer to say that Marx and Engels did not advocate it, for the question still remains unanswered, why millions of Socialists have accepted it. Nor do we gain anything by using the words "full social value" in place of full produce; the one doctrine is as anti-social as the other. We are forced to choose between the two alternatives; either that the Socialists are not Socialists at all, and that all the talk of human brotherhood and social equality is all rank hypocrisy, or that our analysis has been entirely wrong at some point, that in spite of the apparently perfect reasoning we have blundered

somewhere and that their doctrine is right after all. The first alternative is entirely out of the question. Millions of people acting together, fighting together, sometimes even suffering together, cannot be hypocrites. They could not be if they wanted to; they would soon betray one another and disintegrate the whole movement. Mistaken, they might be, but they cannot be hypocrites; the good faith of the Socialists is above question. Nor is this ideal limited to Socialists it is endorsed so widely, that I have been compelled to widen the term "Socialism" so as to make it cover them all. You cannot escape the difficulty by throwing stones at the Socialists; you will have to throw the first stone at Abraham Lincoln! When we find a person of his moral eminence and love of justice endorsing this doctrine, it is time to stop and think. When millions of people advocate a doctrine, the chance is, that there is some element of truth or justice underlying that doctrine. When Abraham Lincoln stands at the head of those millions, the chance becomes a certainty. There can be no doubt, that the doctrine of "full produce" contains an element of justice. Our duty is to search for and discover that element.

172. Socialists claim, that to the producer belongs the full produce of his toil. Why full produce? Why not one-half, one-third or one-fourth? Why is it wrong to take more than his full share? For the simple reason that it is, or at least it is supposed to be **the outcome** of **his effort.** In other words the doctrine of full produce is only a practical device to reward effort in proportion to its merits. It is the first step towards the perfect wage system. This is the element of truth, justice and equity in the doctrine of "full produce." We have seen already how difficult it is to measure effort adequately and reward it accordingly; the need of some method of measuring it approximately, must have been felt as soon as a sense of justice and equity was awakened in the human heart. It is also evident that the produce of labor is the only natural method of measuring effort, and it has been the only practical method until now. But this method of rewarding effort has proven to be a complete failure; produce is nowhere proportional to effort, and this method of equitable distribution turns out to be an instrument of greatest iniquity. When this fact is once realized, half the social revolution will have

been achieved. In the first place, produce is not necessarily proportional to effort; secondly, in exchange of products, the [16]equality of exchange value does not hold true for individual exchanges, because the exchange is always between parties who are unequally needy, and the one whose needs are more urgent has to give greater produce and receive less. Thirdly, in many cases one of the exchanging parties has no ready made produce to give in exchange; he has therefore to barter away his future producing power. The man whose producing power belongs to another is nearly, if not quite, a slave, and the "full produce" system carries within itself the germ of industrial slavery. The full produce system thus turns out to be the fountain head of industrial slavery.

173. A perfect wage system on the contrary, giving to each person the price of his effort, is the most equitable system that could be conceived. True, we cannot have a perfect wage system today; very well then, let us have the next best practicable thing. Let us have a system, first, such that every effort will be rewarded to some extent if not to the full extent; second, that the reward should in no case fall below a certain minimum; if we are unable to measure effort, and if we must err at all let us at least see that we err on the safe side; third, that for the rest, let the reward be left to competition, chance and accident as at present, taking steps, continuously and progressively, to increase the element of competition, and diminish the element of chance as far as human power permits. The Guaranteed Employment scheme formulated in the previous lecture will be found to meet these requirements, but if perchance, I have overlookd something I would be thankful to receive your comments and criticisms that I may reconsider and revise the scheme.

174. As a matter of equity and social justice, the wage system is immeasurably superior to the full produce system. The full produce system is anti-social. It tends to make every person a "dog in the manger," barking and snapping at every one that approaches his hoard. It is the root of the institution of private property. It places the sacredness of property above

16. The Marxian rule of "equality of exchange" is true only on an average in the long run. It is not meant to be applied to individual transactions.

human life. By ignoring the time-gap, it lays the foundation of unemployment with all its evils. Under the full produce system, the relation of the individual to society is expressed by the formula—each to receive according to his ability and each to contribute according to his need—or, we may simplify the formula still further—take what you can and give what you must. In complete contrast with this system is communism, which is represented by the formula—give what you can and take what you must. This was the system taught by Jesus, practiced by his apostles and [17]disciples. That this system failed and had to be abandoned may prove that it is impracticable, or rather that it was impracticable at that time, but the righteousness and justice of the system is indisputable. Between these two extremes stands the wage system, whether perfect or imperfect. The wage system is represented by the formula—give what you can, take also what you can **between certain limits.** The perfect wage system differs from the imperfect, by the nature and character of those limits, and is thus an intermediate step between individualism and communism. The imperfect wage system of today is a step towards the perfect wage system. In point of righteousness, the wage system is far ahead of the full-produce-system, though it is not quite so righteous as the communism of Jesus and his disciples.

175. But while the righteousness of the wage system may be conceded, its practicability may still be questioned. What guarantee is there that the little germ of competition and "get what you can" policy may not lead back to individualism and economic slavery? Whether the wage system will progressively advance and evolve into ideal communism or recede into the "each-man-for-himself-and-the-Devil-take-the-hindermost" state, depends wholly upon the economic forces that dominate the modes of production and distribution. You have heard of the Mississippi river flowing southwards down into the Gulf of Mexico. No. it does not flow downward; any scientist will tell you that this river is flowing up hill, i. e., every drop of water when it reaches the ocean, is from one to three miles farther from the center of the earth, than it is at

17. Acts II:45; IV:34.

St. Paul or St. Louis. If the earth stop rotating tonight, this river will flow backward, and before the end of the next day, St. Paul, and St. Louis will be under water several miles deep. If, on the contrary, the rotation were quickened by about double the amount the river will rush toward the ocean with such momentum that it would drain the northland; Mexico and Panama would be deep under water and a man might walk from Quebec to Greenland without seeing any water, other than what he might carry with him.

176. Whether the wage system will develop into communism or into free capitalistic competition, or stay as it is depends entirely upon the economic forces that control and guide the course of evolution. We know one thing for certain, that the law of full produce is impossible, because it is unnatural. Every person must consume before he produces; any attempt to persistently enforce the law must lead to capitalism; for capitalism is only a method, and so far the only practical method of obeying the law formally and violating it in effect. If a person is to get only what he has produced or its equivalent, then he can consume, before production, only by borrowing from somebody; that "somebody" then becomes a capitalist. The law of full produce necessarily leads to capitalism, capitalism leads to wage system, which may be perfect or imperfect, but it is always a wage system. Thus we see that the natural course of evolution is, from full produce system to wage system and not backward. Any attempt to reintroduce the full produce system will be a retrogressive movement, and we will have to go over the whole course once more until we reach again the present form of wage system; only, since we have gone through that experience once we will probably reach the wage system stage in one single generation instead of wasting centuries to reach that point. There is no fear of going back from the wage system, i. e., even from the crudest and worst form of wage system to full produce system. You could not do it if you tried with all the resources of the world at your disposal.. The stars in their course are fighting against it. My purpose in arguing against the full produce system, is not that I am afraid of such a system being introduced, but that I am afraid of efforts being made in this impossible direction; efforts that will not only

be wasted, but the misguided efforts and consequent failure will have a demoralizing effect. More than that, a retrograde move generally stays the course of evolution and arrests progress. The whales have evolved from fishes; they had grown into air-breathing animals, but they went back to sea and attempted to be fishes again. What have they achieved? Other land animals progressed, some more, some less, some took to air and are today the lords of the upper world. Some developed into opposums, thence into marmosets, thence by degrees into lemurs, apes, antropoids, man, civilized man. During these millions of years the whales have not even regained their gills; they are drowned if held under water long enough. They are neither land animals nor fishes now. Any attempt to introduce the full produce system cannot succeed, but it may deflect the course of evolution and paralyze progress; that is why I am trying to oppose that unrighteous and impossible doctrine.

177. I believe that the wage system by progressive advance will evolve into communism. On this point I might be wrong. Maybe it will evolve into something else or again it may not evolve into anything in particular, but just into a better and still better type of wage system. Anyway we are not discussing communism, but wage system, and we would not be justified in such a digression here, except for the purpose of judging the ethical merits of the wage system by comparing it with what has been recognized by universal consent as an ideal economic system, a system that represents the Kingdom of Heaven on earth more truly than any other known economic system. Marx in his criticism of the Gotha programme takes the same view. He repudiates the full produce doctrine as demoralizing to the Socialist Party; he suggests a more advanced wage system as an intermediate, practical step, with the communistic form of distribution as an ideal to be reached only when right time comes.

178. The contention that the wage system is really a step towards communism and that the system of full produce is a backward and anti-social step is so contrary to the popular notions on this subject that all argument in support of that contention would be of no avail except with those who think for themselves and accept or reject an argument on its merits.

The majority take their opinions second-hand; to them the wage system must be wrong because Haywood says it is wrong; the full produce system must be right because Allan Benson says so. And lastly, are we not told that the ethical ideal of Socialism is the same as that promulgated by Jesus Christ? Why—even the [28]encyclopedia admits that! If it could be shown by reference to the Gospels, that Jesus condemned the wage-system and advocated the full produce system I would certainly reconsider my views—for much as I believe in thinking for myself, I have not yet begun to consider myself infallible, and when I find my views in conflict with those of other thinkers greater than myself, I think it my duty to revise my reasoning, to make sure that I am not thinking a mistake. What has Jesus to say on this question? Does he condemn the wage system?

179. "I. For the Kingdom of Heaven is like unto a man that is an householder, which went out early in the morning to hire laborers into his vineyard.

"2. And when he had agreed with the laborers for a penny a day, he sent them into his vineyard. (Marginal note: The Roman penny is . . . . . seven pence half penny.)

"3. And he went out about the third hour, and saw others standing idle in the market place.

"4. And he said unto them; go ye also into the vineyard, and whatsoever is right I will give you. And they went their way.

"5. Again he went out about the sixth and ninth hour, and did likewise.

"6. And about the eleventh hour he went out and found others standing idle, and saith unto them, why stand ye here all the day idle?

"7. They say unto him, **because no man hath hired us.** He saith unto them, go ye also into the vineyard; and whatsoever is right, that shall ye receive.

"8. So when even was come, the lord of the vineyard saith unto his steward, call the laborers, and give them their hire, beginning from the last unto the first.

28. This claim is always found in Socialist literature, although I am not able to say how far it is true. Some writers are more specific. For example, Mr. Carl D. Thompson expressly mentions the Encyclopedia Britannica, as admitting that "the ethics of Socialism are closely akin to ethics of Christianity." Thus far I have not been able to verify this citation.

"9. And when they came that were hired about the eleventh hour, they received every man a penny.

"10. But when the first came, they supposed that they should have received more; and they likewise received every man a penny.

"11. And when they had received it they murmured against the good man of the house.

"12. Saying, these last have wrought but one hour, and thou hast made them equal unto us, which have borne the burden and the heat of the day.

"13. But he answered one of them and said, Friend I do thee no wrong: didst thou not agree with me for a penny?

"14. Take that thine is, and go thy way: I will give unto this last even as unto thee."

Matt. XX:1-14.

Here we have the **Kingdom of Heaven compared to the ideal wage system, where the wages are paid according to the effort to produce,** not according to the amount produced, nor even according to the period of active employment; the time during which a worker is able and willing to work being also paid for, though no man had hired him. When my opponents can point out an ethical authority higher than Jesus in support of the full produce system, it will be time for me to reconsider my views.

180. At this point I may digress a little to discuss whether Socialism is opposed to religion. It is an important question, but not important enough to take a lecture by itself; it is at best a side issue, and must be treated as such. I think I may deal with it now while I am at it, and be done with it. The popular opinion on this question seems to be, that Scientific Socialism is opposed to religion, because it is materialistic, and is therefore opposed to religion which is generally theistic and always idealistic. Judged by the same standard of popular opinion, popular Socialism is not opposed to religion, nay on the contrary it is the highest expression of religion. This is altogether wrong: the facts are just the reverse; **popular Socialism is opposed to religion, scientific Socialism is not.**

181. The two [19]fundamental doctrines of scientific Socialism are, (1) The theory of materialistic conception of his-

19. "These two great discoveries: the materialistic conception of history, and the revelation of the secret of capitalist production through surplus value, we owe to Marx. With them Socialism became a science. . . . ."—Engels: Socialism, Utopia to Science.

tory, (it would be more correct to call it, theory of economic interpretation of history; it is altogether incorrect to call it economic determinism), and (2) the theory of surplus value together with its corollary, the tneory of capitalistic accumulation. Of these two, the theory of surplus value is neither for nor against religion; neither friend nor foe has drawn it into this controversy, and we can safely leave it out of this discussion. The doctrine of materialistic conception of history is often accused of being opposed to religion, but it is no more opposed to religion than is the theory of gravitation. The fact that Marx and Engels, the first propounders of the theory were irreligious (i. e., when measured by the orthodox standard), does not prove that the theory itself is opposed to religion. Suppose for the sake of argument, that Newton were an atheist, or agnostic; would it make his theory of gravitation irreligious, or anti-religious? The materialistic conception of history was an attempt,—I think a very successful attempt,—to reduce history to science, just as the theory of gravitation was an attempt to reduce astronomy to science. The two theories are so like one another in their nature, that it is impossible to convict the one and acquit the other. That the theory of materialistic conception of history has not been so well supported by facts as the theory of gravitation, I do not deny,—I may even concede, that later research may prove the Marxian theory to be entirely wrong; but whether right or wrong, that theory is in no way opposed to religion. If it is possible to believe in the law of gravitation without surrendering the belief in a diety behind that law, why is it impossible to believe in the law of materialistic basis of history, without surrendering one's belief in the power that presides over matter, and over the laws according to which matter operates in response to that Will behind. Maybe, there is no Will or Power,—who knows? In absence of direct and demonstrable knowledge, let each one decide for himself as he thinks best; there is nothing in the theory of materialistic conception of history, which precludes a belief in a deity, or in a group of ethical teachings, which claim to have been inspired by that deity. In other words the fundamental principles of scientific Socialism are not opposed to religion.

182. According to the prophet Micah the entire concep-

tion of religion is reduced to this: **"What doth the Lord require of thee, but to do justly, to love mercy, and to walk humbly with thy God?"** Wherein is the doctrine of materialistic conception opposed to this conception of religion? or take the Christian standard. **"All things whatsoever you would men should do unto you, do ye even so unto them, for this is the law and the prophets."** Wherein is it opposed to materialistic conception of history? Or again take one of the Pagan conception of religion. According to [20]Vedanta, the most important school of Hindu religious philosophy, **"the CAUSE of all phenomena is MATTER, thus says the scripture."** Surely, this one religion at least is not opposed to scientific Socialism! Scientific Socialism—and by this I mean the two fundamental doctrines of scientific Socialism—is not opposed to religion.

183. But when you come to popular Socialism it is a different story. Almost every phase of popular Socialism is opposed to religion. Religion stands for "wage system," popular Socialism stands for "full produce." According to religion, all service deserves to be paid irrespective of labor spent in its performance; "They also serve who only stand and wait." According to popular Socialism, service deserves to be paid only in proportion to labor; service without labor deserves no payment whatever. There are various other points of conflict between popular Socialism and religion, but these two are most important, and are sufficient to condemn the former. In fact the full produce doctrine alone is enough to condemn it. It was this fiendish doctrine over which Marx lost his temper when he denounced the Gotha programme of the Socialist party, as damnable and demoralizing. To conclude, it is popular Socialism that is opposed to religion, not scientific Socialism.

184. The present wage system is by no means perfect. It makes no provision for the unemployed; but even as it is, it is an enormous improvement over the older system, where men were [18]free producers, free to produce if they happened to have the means, and free to hang themselves if after producing they found themselves unable to dispose of their product. "It was their own fault. They were free to produce something else, why did they not produce something that could be sold? They

20. Vedanta-sutra, 1–4–27.
18. See Lecture I. Para 11, Note 13.

are entitled to the full produce of their labor and they have it. If they cannot dispose of it they are themselves to blame, anyway it is no concern of ours." Now there steps in the industrial capitalist with his wage system. He gives the wages to the worker and takes the produce. As far as the wage earner is concerned he is certainly better off than if he had the full produce which he can not promptly sell, or which, he is sometimes unable to sell at all. The weak point of industrial capitalism is only this, that it cannot provide for the whole of the unemployed. Low wages or bad conditions of labor are not caused by capitalism, they are the necessary by-products of unemployment, and will entirely disappear when the Guaranteed Employment system is introduced and unemployment is eliminated; even though the capitalistic system should continue for some time. The reason is obvious. All the evils attributed to capitalism are really evils of unemployment, none of them are evils of capitalism, **no, not one.**

185. The real objection to the wage system is not that the worker receives wages, but that he receives only a part of his produce. This objection is only another way of saying that to the producer belongs the full product of his labor. I have shown that this doctrine is anti-social, that it is impossible to carry out in practice without making numerous exceptions and modifications, and that it does not even serve the one purpose which is its pretence, namely to reward effort adequately. But all these objections seem to be forgotten by the advocates of that doctrine. They seem somehow to have fixed on the idea that the full produce doctrine stands for social and economic justice and as long as that idea remains all other objections are of little avail. What if the principle fails in practice? We must make it work. If a principle of justice fails to work the inference is obvious that there must be a greater injustice somewhere in our social dealings which counteracts this principle. It is our duty then, to find out and eradicate the other injustice and not to ignore a principle of justice because the world is not right enough for it. If the world is not right, it must be made right. The objection that the principle is anti-social is also disposed of in the same way. If giving the worker the full produce of his work be not conducive to the welfare of society, then so much the worse for such a society.

A society that cannot thrive and prosper under justice has no right to prosper, no, not to exist. If the principle does not fit in with the needs of society, society must remodel itself and readjust its needs. The full produce system is a principle of justice, and justice comes before everything else. This is their plea.

186. The whole question then turns upon the justice of the full produce scheme. If the scheme be an ambodiment of justice everything that I have said against it falls to the ground, and the wage system stands condemned, Jesus and his parables notwithstanding. Is the full produce system just or unjust? On the answer to this question depends the ethical justification or condemnation of the wage system. Does the produce belong wholly, or even in part to the producer? That depends upon what is produced, why it is produced and how it is produced.

187. It depends upon what is produced. A girl wishes to marry a man of her choice. The parents object, not because she is too young to know what is good for her, but because—as they claim—she has no right to dispose of herself, because she did not produce herself. She was produced by the parents to whom she belongs and who have the right to dispose of her as they please. Is the claim of the parents valid? No. The producer's right depends upon what is produced.

188. It depends upon why it is produced. A novelist writes a piece of fiction. He is considered entitled to the full product of his imagination. He is given the copyright which is the right to his product. A newspaper reporter sends in an imaginary story to his paper. The sensational news helps to sell millions of copies. The reporter is charged for fabrication of news and escapes the penitentiary by a technical flaw in the evidence of the prosecution. He now claims a part of the profit of the sensational number; he claims the right to the full produce of his imagination, like that of the novelist. Will the courts sustain his claim? No. His right to the proceeds of the sale depends upon why he fabricated.

189. The right depends upon how it is produced. An inventor conceives a new idea and makes a sketch. A clerk in his office secretly copies that sketch; when accused of robbing the inventor he pleads not guilty. "Your honor," he says, "I

did not steal another man's produce; the inventor's sketch is in his note book and still in his possession, but I produced the copy myself. It is the product of my labor and therefore belongs to me!" No judge would accept such a plea, for the producer's right depends upon how a thing is produced.

190. The mere production of anything does not by itself create the producer's right to it. The right depends upon various other conditions and may be total or partial or it may not exist at all. It depends upon the particular circumstances. Suppose I invent a method of extracting gold from the sea water, make the necessary apparatus and extract a pound of gold in one day. Am I entitled to take that gold? You say, "yes." Suppose I extract a hundred tons in one day. You smile but still say "yes." If a man extracts one ton of gold in a day he deserves to have it. That is your argument. Suppose I extract all the gold in the sea in one day, would I still be enentitled to it? You hesitiate a moment, and finally decide that the producer has a perfect title to it. It may be dangerous and inexpedient to permit a man to possess such an enormous power, but you also realize that violence to justice is even more dangerous; and besides, expediency has nothing to do with the question. Is the producer entitled to all the gold he produces according to our standard of justice and without regard to expediency? We say "yes." To the producer belongs, or rather ought to belong the full product of his labor.

191. Now let us take another example. A chemist develpes a new method of extracting oxygen from the atmosphere. He extracts one pound of oxygen every day. Is he entitled to that produce? Without the least hesitation you say "yes." But suppose he extracts one million pounds a day. Is he entitled to that much? Now you begin to hesitate. Some say "yes" but do not seem sure about it; others say "no." Lastly, let us suppose he extracts all the oxygen and stores it in barrels and doles it out to the public on payment of whatever he can get for it. Is he entitled to all the oxygen in his possession, or to what he can get in exchange for it? There can be no hesitation now; no person, whatever his ethics or politics, would favour such ownership: our professed faith in the doctrine of full produce notwithstanding. And yet there is no distinction between the extraction of gold from the sea and the

extraction of oxygen from the air. The extraction of oxygen by one man may be very inconvenient for the others, but what of that? If it is right, it is right, and we must bear our inconvenience with philosophic resignation. We cannot have one standard of justice for gold and another for oxygen; we must either accept the ownership of the means of life as right, or repudiate the doctrine of full produce. There is no third alternative.

192. I do not claim to have proved as yet that the doctrine of full produce is wrong; I have only proved that a repudiation of the doctrine is the only alternative to what may be called the social slavery to owners of the means of livelihood. But we have not yet proved such slavery to be morally wrong. It may be very disagreeable to those who have to bear the yoke, and may be often a great misfortune, resembling in effect storms, earthquakes and diseases, something to be avoided if possible, but to be borne with fortitude when unavoidable. The question before us is not, whether or not the full produce doctrine if carried to its logical consequence would lead to results harmful to many, but whether it is right, that is, right according to our present day conception of right and wrong, that is in other words according to our present day standard of [21]justice. Is the producer entitled to the full produce of his labor? Why is he entitled to it? What is produce? And lastly, who is a producer?

193. A man crosses the ocean, goes over to another continent, takes possession of land and puts up a fence to keep out late comers. Is he justified in the possession of this land? Has he produced the land? A second man goes to Alaska, discovers a vast field of gold, takes possession of all the gold within his reach; has he produced the gold? A third man goes to Mahoning, scrapes the soil and collect the iron ore; has he produced the ore? A forth goes to Colorado, bores a shaft a thousand feet deep and takes possession of the coal; has he produced the coal? A fifth goes to Vermont, selects a piece of

21. The question, whether our present day conception of right and wrong is correct or incorrect is irrelevant. Whenever we discuss the moral standing of any claim we always mean the moral standing according to our conception of the fundamental principles as we understand them at the time

marble, chisels away all excess material until a beautiful statue of Appollo or Diana stands out to view; has this sculptor produced the statue? No more than the Mahoning miner produced the ore. The statue was there inside the marble all the time awaiting a sculptors skillful fingers. His only achievement is to take possession of what already existed. There is no such thing as production, with one exception, which I will discuss later. All the so-called production is merely the process of taking possession. Sometimes it is a simple process such as walking over to where the thing lies. Sometimes it is a little more difficult such as boring into the earth, as is the case in mining. Sometimes training and skill are needed as in the case of the sculptor. Sometimes it requires the use of machinery as is the case of extracting oxygen from the air. Sometimes patience is the most necessary requisite, such as in trapping and hunting, waiting for the thing to come to you, or as in farming, waiting for the crops to grow. But in all cases it is merely a process of taking possession. This fact once clearly understood, there is no longer any difficulty, as to whether the producer is entitled to his produce or not. The worker produces nothing and is entitled to nothing on the strength of this claim. His work in all cases consists of taking possession of what in popular language is called "his produce."

194. Possession alone does not create the right to possess. If a person has a right to a thing before he takes possession, he retains the right after the possession also, and this right will remain although the labor in taking possession be infinitisimal. Similarly if the worker has no right to it at the start, no amount of labor can give him the right. The oxygen in the air belongs equally to all, and I have a right to my share of it. I may take the whole or a part of that amount with or without labor as may be necessary. I take a part of my share of oxygen every minute of my life at every breath I draw, with almost no labor, (part of which oxygen I retain in my system.) If I want more than this for any other use, e. g., for arts, industries or commerce, I must install the necessary apparatus, chemicals, and machinery. I am entitled to all the oxygen I take possession of (I produce in the popular language) provided I do not take more than my share. This oxygen is mine not because I produce it; I am entitled to produce it (i. e., take

possession of it) because it belongs to me. This explains why we instinctively regard one pound of oxygen as rightfully belonging to the producer; why we hesitite over the question of a million pounds, (because we are not sure whether a person in extracting a million pounds has not exceeded his limit) and lastly also, why we unhesitatingly refuse to recognize the right of men to extract all the oxygen no matter how much labor he spends in the process of extracting it. A man's right to the produce of his labor does not depend upon the labor spent in producing it (i. e., taking possession of it). If he has the right to it, before production, he will retain that right although no labor is expended. If he has no right to it to start with, no amount of labor will give him that right. A burglar who climbs up to the third story, opens a window, cracks a safe, and takes possession of the contents does not thereby obtain the right to those contents. The doctrine that a worker is entitled to the full produce of his labor has no moral justification. There is no such thing as produce. All the so-called produce is merely a process of taking possession. The world belongs collectively to all, and distributively to each according to his share. To each belongs his share or such part of his share as he may take [22]possession of.

195. As I said before there is one exception where the worker produces in the real sense. In this case the produce is a real produce not merely a taking possession. A sculptor who makes a statue or an engineer who constructs an aqueduct, have first to create a mental image of what they wish to do. They have also to create a mental picture of the several processes they will have to adopt to reach the desired result. This is production in the true sense; the rest is all taking possession. Even the simplest form of work requires a production of this kind, sometimes followed by the possession of the means of production, such as chisels, mathematical tables or well trained fingers, wrists and arms; this is auxiliary posses-

22. The question whether the possession of the larger capitalists are within the limits of their legitimate share or exceed that share naturally suggests itself, but we cannot stop to discuss it here. It will be discussed under capitalism and centralization. At present the discussion is limited to the wage system.

sion. All this production corresponds to what is known in the literature of scientific Socialism as "Labor-power." Every worker is entitled, not to the full produce of his labor, or its equivalent of social value, but to his labor power or its equivalent in social value. The value of labor power is wages. **Therefore, a worker is morally entitled to [23]wages, nothing more, nothing less. He has certainly no right to the full produce of his labor.**

196. Under capitalism the form of remuneration is what is known as the wage system. The worker receives not the full produce of his toil, nor its equivalent in value, but only the full price of his labor power. This is an important step indeed. But under capitalism, there is some labor power that is not paid anything at all, viz: unemployed labor power; this is the weak spot of capitalism. A Guaranteed Employment system will correct this omisssion and place the wage system on a just and logical basis.

197. There is another and far stronger reason why the worker is not entitled to the full produce of his labor (using the word produce as popularly understood.) The total produce, according to Marxian analysis, consists of two parts, the necessary produce and the surplus produce. Of these two the worker receives the necessary produce, or more correctly, its equivalent in value, in the form of wages. On this point there is no need of further discussion. The capitalist takes the surplus [24]produce. This is the bone of contention. The Socialists claim that this surplus belongs to the worker because he [25]pro-

23. (With the wage system under capitalistic mode of production.) "Every condition of the problem is satisfied, while the laws that regulate the exchange of commodities have been in no way violated. Equivalent has been exchanged for equivalent. For the capitalist, as buyer, **paid** for each commodity, for the cotton, the spindle and the **labor power**, its **full value.**"—Marx, Capital, Vol I, page 217.

24. The capitalist takes only a part of the surplus. The worker gets the other part. The individual worker's share of the surplus is generally very small, but it is still large enough to have an important sociological significance. For the present, however, I have entirely ignored the worker's share of surplus received, as if the capitalist appropriated the whole of the surplus, and the worker got no part of it.

25. This claim of the popular soap-box Socialist has no support in Marxian philosophy. According to Marx the surplus does not properly belong to the wage worker. (See Para. 164. foot note 9.) See also Capital, Vol I, page 216.)

duces it. The capitalist not only challenges this claim, but sets up a counter claim for himself. At this point we are not concerned with the claims of the capitalist, but the wage-worker's claim deserves a serious and careful study. Does surplus belong to the worker by virtue of his having produced it? Is it a valid claim, that is, valid according to our present day standard of equitable reward?

198. The mere fact that the worker produces the surplus creates no such moral claim. Every worker has to consume before he can produce. He can only consume from the surplus of those that have gone before him. His surplus, therefore, belongs to those that are to follow him. This is so plain that I do not know how to make it simpler. If you cannot accept this conclusion, I must give up the whole effort as utterly impossible. One may well question the right of the capitalist to collect this surplus; one may suggest what he considers a better method of collecting the surplus from one generation and handing it over to the next; one may question the efficiency of the capitalistic method of collecting surplus and holding it in trust for the coming generation; one may even impeach capitalism for its failure to discharge its duty as trustee for the coming generation, and lastly, one may question the equity of the ratio in which the surplus is divided, leaving an insignificant margin for the workers who produce it, and the lion's share for the coming generation who have contributed nothing towards its production, (as if we had done anything to earn the surplus which we consumed before our production began.) We may raise numerous other questions but there is no room whatever as to the need of future generations. The needs for their consumption can be supplied only from the surplus produce of the present day worker. The present day worker received surplus from the past generation, and owes a moral debt which can be paid only by the surrender of a part of their surplus for the future generations. The capitalist collects this surplus or rather this part of surplus and holds it as a [26]trust for the coming generation. The capitalistic method may not be the best method, but it is at present the only method. Whatever we may have to say for or against it, the

26. See Lecture III, Para. 122, note 14.

worker's claim to the full produce of his labor has not a leg to stand on. The full price of his labor power is all he can rightfully demand. "Full produce" is an impossibility. A better wage system is all that can be or should be expected, **but as long as unemployment remains, the wage system cannot be bettered. So here is your choice: either a Guaranteed Employment system, with a consequent improvement in the wage-system in the direction of perfection, or an unguaranteed system together with what you call the wage slavery. The full produce system is impossible. You cannot get it at any price. There are only two systems to choose between. Now make your choice.**

199. Incidentally this brings up another important and long postponed question. Is there a wage slavery? That the worker is not independent, that he has to work hard, and that very often he does not get even the full price of his labor power, but has often to work on half wages; all these facts are unchallengable. But, none of these constitute slavery. Dependence is not slavery. Children are always dependent in all parts of the world, but they are nowhere regarded as slaves. All civilization implies more or less organization; all organization implies dependence. A person who identifies slavery with dependence must, to be consistent, be opposed to all forms of government, all forms of organized society, and all civilization. Hard work is not slavery. In the savage state hard work is the rule, for the productivity of labor is so low that it takes a full day's work to produce the merest necessities of life. These savages are not slaves no matter what else you call them. The heroes of science are wearing away their lives in incessant toil but they are not slaves. A low paid worker may be rightly called a slave but even in this case his slavery is not wage slavery. His work may be divided into two parts, one part, for which he receives wages and which is not slavery, and the other part for which he receives no wages, and which is no doubt slavery. This latter part of work he gives free as the price of a temporary escape from unemployment. His real slavery, therefore, is the unemployment from which he is trying to escape.

200. An argument very much in favor among the Social-

ists is: the capitalist ownership of the means of production constitute the slavery of the workers. "He who owns that, whereby I live owns me." Here is one more illustration of what we find so abundantly in Socialist literature, good rhetoric, bad logic. The baker owns the bread whereby I live but he does not own me; on the contrary he caters like a slave for a ten cent piece, though his life nor even his little luxuries would be in serious peril for ten cents. The druggist owns the medicine and the doctor owns the knowledge of the medicine whereby I live, but the druggist and the doctor are more obedient to my call than a negro slave of fifty years ago. It is true that I own some money, but their lives are not half as dependent on my money, as mine on their medicine. If there is any economic slavery anywhere at all, and the fact can scarcely be doubted, the cause of that slavery must be looked for somewhere else. It is not the "ownership of that whereby I live."

201. **Slavery is duty without right.** In a civilized state unemployment is slavery because the civilization (i. e., organized society, with a government, to enforce the duty of the individual), imposes duties without giving an equivalent right. What we call wage slavery is not slavery but an escape from unemployment, and therefore escape from slavery. Hard work and other disagreeable features of this form of escape are certainly not to be denied, but all these evils together, do not pile up near as high as the single evil of unemployment. If they did, why, any person could at any moment throw up his job and go among the unemployed. But, no person seems to have any preference to unemployment. Hard work, bad food, bad housing, occupational risk, separation from the family, humilation, anything, even immediate [27]death by suicide, seems to be wel-

27. The following extract from the Saturday Evening Post is one out of the many I have collected in the course of my studies on this subject:

"But the tragedy that Bodie will never forget cost a single life—that of an unknown young man. The Standard Shaft had reached a depth of one thousand feet and McGuire, the foreman, was standing beside the opening, talking with a friend, when a young man came up to him. McGuire did not notice the stranger at first, who stood a few feet away, whittling a stick and waiting for the foreman to speak to him. Afterward it was remembered that throughout the short conversation the young man had not raised his eyes, but had

come as a means of escape from unemployment. Fifty years ago when chattel slavery was in vogue the negro slaves tried to escape slavery by running away. They faced the jungles, the rattlesnakes, the diseases of the swamps, and the bloodhounds all to escape from slavery. Today the worker accepts what you call the wage slavery as a means of escape from unemployment. This is why I say "wage slavery" is not slavery but rather an escape from unemployment, which is slavery (in fact one of the worst forms of slavery). If you can prove to me that unemployment is not slavery, or that wage-work even in its worst form is not an escape from that slavery, try it. I am open to conviction.

202. To conclude. The doctrine of full produce has no moral justification whatever. It is impossible to apply it consistently in practice, and is anti-social as far as it can be applied. The wage system is the only just and equitable method of remuneration. It is true that the wage system as it is today is far from perfect but the fault is not fundamentally in the wage system, nor in capitalism, which introduced that system; it is entirely the result of unemployment which capitalism has not created, and which capitalism has been unable to cure. **The evils incident to the wage system are the evils of unem-**

looked at the floor or the shaft or the stick he was whittling. 'Well?' said the foreman. 'They tell me you're the boss,' said the stranger. 'What of it?' 'Any chance for a job today?' 'No chance.' The young can continued to whittle at the stick. Then, after a pause: 'Well, tomorrow, maybe?' 'No. Nothing tomorrow. Full up.' The young man stopped whittling and did not speak again. He stood for a moment, as though thinking; then he reached out and jabbed the penknife into a scantling and, with the half-whittled stick still in his hand, deliberately jumped into the shaft. Before the knife had ceased quivering its owner was dead—a battered, unrecognizable bundle a thousand feet deep in the earth."

This case is highly instructive. The Bodie mine was owned by the workers; they owned all the gold they produced. They were rolling in gold, living in a paradise—a fool's paradise of course, for since everybody had an abundance of gold, the prices of all things went up in proportion. A penny newspaper cost a dime, and so on. And lastly,—and this is the most important point,—**the ownership of the means of production by the workers did not solve the unemployment problem** at Bodie. While the employed workers were getting the full produce of their labor, the unemployed could get into the mine only by jumping into the shaft.

ployment only and will be remedied only when the Guaranteed Employment system is established and unemployment eliminated.. There is no other remedy for the faults of the wage system.

"UNEMPLOYMENT MUST BE DESTROYED."

SUPPLEMENTARY NOTE.

By The Sociology Club.

121–1. In paragraph 121 the author maintains that the solution of the unemployment problem will not be achieved by the shortened workday, but rather, by an effective increase of the work-day. It is because of seeming paradoxical nature of this statement at first sight that the Club deems this further elucidation essential to a better understanding of the author's position.

121–2. To illustrate the point we may suppose that 40 per cent. of a given working population are employed in producing commodities for regular consumption, including even, those engaged in such personal service occupations as the waiter, valet and actor. 55 per cent. are employed in developmental industry, among which may be mentioned those occupations having to do with the creation of new capital, commodities and services intended for future consumption; pursuits from which no immediate benefit is derived, as the labors of the moving picture stars, road builders, miners and experimental workers, and the remaining 5 per cent. are entirely unemployed. The problem as thus presented, is to provide work for that 5 per cent. The plan of the labor unions which is also endorsed by the Socialists, is to cut down the hours of work that room may be provided for the unemployed.

121–3. There is but one objection to this proposition; it will not work. Not only is the most important question of where the extra wages are to come from ignored, but it reverts itself into a case of robbing Peter to pay Paul and never paying him. Continuing our supposition, the shortening of the work day would require 45 per cent of the production workers to do what was formerly done by the 40 per cent. without a corresponding reduction in wages. This cuts into the profits just to that extent and necessitates so much capital being withdrawn from the fund covering developmental industry, hence instead of 55 per cent. being engaged in development work, The curtailing of profit by increasing the cost of production

5 per cent. decreases the funds available for development in proportion and therefore throws a corresponding number of workers in the latter branch of industry out of work, which leaves but 50 per cent., whereas before there were 55 per cent. so employed.

121–4. Reduction of the hours of work cannot help to solve the unemployment problem. The proper, and scientific solution, and the only practical solution is to place these 5 per cent. of unemployed as extra help in the field of development. The necessary extra wages being drawn from the increased surplus of the 40 per cent. of productive workers, assuming that surplus is capable of being increased. And if surplus were not capable of being increased, a solution of the unemployment problem would be impossible, but surplus can increase and does increase so the unemployment problem is not incapable of solution. The increase of surplus may be further accomplished in one of the two following ways, first; by increase of the hours of work, second; by improvement in the means and methods of work without a corresponding reduction of the word-day. The method of actual prolongation is undesirable to both the worker and the capitalist; to the worker because it takes it out of his life, to the capitalist because it does not bring in the maximum amount of profit. No capitalist can make the worker work more than 24 hours a day. To effective prolongation there is no limit, and besides it does not hurt the worker in any way. In either case the only possible and practicable way to absorb all the unemployed is by increasing the hours of work, actual or effective, which will in turn increase the amount of surplus with which to pay the wages of the 5 per cent. additional workers now engaged in development work, and who formerly had no work at all.

121–5. From the foregoing it would seem clear that the shorter work-day, whatever else may be said in its favor, does not incline towards a solution of the unemployment problem.

121–6. Just as all tricks appear simple after being exposed by the magician, so do all paradoxes become alight with consistency after they are explained.

121–7. Undoubtedly it was the penetrating wisdom of Marx who, concluding that the remedy of this problem was

to be found in an effective prolongation of the work-day was prompted to write that "the most fortunate condition for wage labor lies in the **speedy increase** of capital."

SOCIOLOGY CLUB.

NOTICE TO READERS

Lecture V.—"Capitalism and Profit System" is in progress and will be published shortly.

A word to readers:

The most pointed criticism of any and all parts of the preceeding lectures is cordially invited and anxiously awaited by the publishers. Any such will be forwarded to the author for modification, correction or explanation of his views, as the case may be and will be incorporated in the papers containing the lectures that are to follow. Replies to the questions, however, will be sent on request separately to those who send them in.

Respectfully,

THE SOCIOLOGY CLUB,

W. S. Van Valkenburgh, Secretary.

331 Mohawk Avenue,
Scotia, N. Y.

ERRATA

Page 63, paragraph 68, line 8, should read, "get your employment?" instead of "yet your employment."

Page 82, paragraph 93, line 10, should read, "rather than escape," instead of "than escape."

Page 108, paragraph 125, line 6, should read, "a partial solution" instead of "a practical solution."

Page 111, paragraph 130, line 26, should read "there is not a day," instead of "—— not a day."

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